# UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA

In Re:	Chapter 7	
Carefree Living of America (Burnsville), Inc. Carefree Living of America (St. Cloud), Inc. Carefree Living of America (Brainerd), Inc.	Case Nos.: 01-33545 01-33546 01-33547	
Debtors.		
Brian F. Leonard, Trustee,	ADV Case No. 02-9	9117
Plaintiff,		
vs.	SUPPLEMENTAL AFFIDAVIT BRIAN F. LEONA	
Jane L. Strom Revocable Trust and Jane L. Strom, Trustee,	BRIAN F. LEONA	ХКD
Defendants.		
STATE OF MINNESOTA )  ) ss.  COUNTY OF HENNEPIN )		
Brian F. Leonard, being first duly sworn	on oath and under penalty of perjury, states a	เร
follows:		
1. I am the duly appointed and ac	eting Trustee of the above-referenced Chap	ter 7
bankruptcy case ("Trustee").		
2. This Supplemental Affidavit is	submitted in addition to the Affidavit of Bria	an F.
Leonard dated September 16, 2004 in support o	f the Plaintiff's motion for summary iudgmen	t.

3. My examination of the Debtors' financial and business records, together with the claims registers in the Debtors' cases, reflected the following <u>partial</u> list of liabilities owed jointly by all the Debtors as of January 1, 2001, which were unpaid as of March 15, 2001:

Creditor	Claim Amount	Claim No. on 01-33545
First Union Bank	\$11,211,440.76	33
Linda Simmons (Selbak)	\$3,500,000.00	31
Dwight Lindquist-Trustee	\$218,700.00	23
Kathleen Zeller	\$155,375.00	35
Mahoney & Hagberg	\$1,500,000.00	42
Jane Strom Trust	\$62,160.35	38
David Broberg	\$61,481.13	20
William Howard	\$193,300.00	39
Hinshaw & Culbertson	\$43,915.93	40
Rider, Bennett Law Firm	\$33,641.12	45
Internet Financial Services	\$38,370.55	43
Limited Partners of Brainerd Manor, Ltd., et al.	\$3,275,000.00	41
Total:	<u>\$20,293,384.84</u>	

4. Attached hereto are copies of underlying documents which were part of the Debtors' business records, and/or proofs of claim with underlying documents, which reflect that each of the Debtors were liable on each of the obligations identified in the preceding paragraph as of January 1, 2001 and March 15, 2001.

### FURTHER YOUR AFFIANT SAYETH NOT.

Dated: September <u>27</u>, 2004

Brian F. Leonard

Subscribed and sworn to before me this 27th day of September, 2004.

STEPHANIE L. WOOD
Notary Public-Minnesota
My Commission Expires Jan 31, 2005

Atyphanie 2 Wood
Notary Public

@PFDesktop\::ODMA/GRPWISE/GWDSTP.GWPOSTP.STPLIB1:311776.1

FORM B10 (Official Form 10) (9/97) United States Bankruptcy Court for the District of Minnesota (St. Paul)	PROOF OF CLAIM
Name of Debtor:	Case Number
THE PROPERTY WAS OF AMERICA (ST. CLOUD) INC.	01-33546
NOTE: This form should not be used to make a claim for an administrative expens case. A "request" for payment of an administrative expense may be filed pursuant to	5 TT 0.8.C. § 303.
Name of Creditor (The person or other entity to whom the debtor owes money or property)	Check box if you are aware that O DEC LL Fill: 06 anyone else has filed a proof of claim relating to your claim.
FIRST UNION NATIONAL BANK, a national banking association	Attach copy of statement giving particulars.
Name and address where notices should be sent:  FIRST UNION NATIONAL BANK, a national banking association c/o Faegre & Benson LLP 2200 Wells Fargo Center 90 South Seventh Street Minneapolis, Minnesota 55402 Attention: James D. H. Loushin	Check box if you have never received any notices from the bankruptcy court in this case.  Check box if the address differs from the address on the envelope sent to you by the court.  This Space is for Court use Only
Telephone Number: (612) 766-7000  Account or other number by which creditor identifies debtor:	Check here if replaces this claim amends a previously filed claim, dated:
1. Basis for Claim  Goods sold Services performed Money loaned Personal injury/wrongful death Taxes	Retiree benefits as defined in 11 U.S.C. § 1114(a) Wages, salaries, and compensation (fill out below) Your SS#: Unpaid compensation for services performed from to
Other	(date) (date)
2. Date debt was incurred: On or about November 4, 1998	3. If court judgment, date obtained:
<ul> <li>4. Total Amount of Claim at Time Case Filed: \$11,388,457.45 (See Exhibit A If all or part of your claim is secured or entitled to priority, also complete Item</li> <li>Check this box if claim includes interest or other charges in addition to the princharges.</li> </ul>	5 or 6 below.  ncipal amount of the claim. Attach itemized statement of all interest or additional
5. Secured Claim.	6. Unsecured Priority Claim.
Check this box if claim is secured by collateral (including a right of setoff).  Brief Description of Collateral:  Real Estate Motor Vehicle  Other: All real and personal property  Value of Collateral: See Exhibit B attached hereto and made a part hereof  Amount of arrearage and other charges at time case filed included in secured claim, if any: See Exhibit A attached hereto and made a part hereof	Check this box if you have an unsecured priority claim Amount entitled to priority \$ Specify the priority of the claim: Wages salaries, or commissions (up to \$4000),* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3). Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4). Up to \$1,800* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6). Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7). Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8). Other - Specify applicable paragraph of 11 U.S.C. § 507(a)().
	*Amounts are subject to adjustment on 4/1/98 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment
<ol> <li>Credits: The amount of all payments on this claim has been credited and ded of claim.</li> <li>Supporting Documents: Attach copies of supporting documents, such as proitemized statements of running accounts, contracts, court judgments, mortgag perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are voluminous, attach a summary. See Exhibit C attached hereto:</li> <li>Date-Stamped Copy: To receive an acknowledgment of the filling of your claim of the proof of claim.</li> </ol>	omissory notes, purchase orders, invoices, es, security agreements, and evidence of nents are not available, explain. If the and made a part hereof.  aim, enclose a stamped, self-addressed
	sociation CARESIDENT
Penalty for presenting fraudulent claim: Fine of up to \$500,000 o	r imprisonment for up to 5 years, or both. 18 U.S.C. §§ 152 and 571

United States Bankruptcy Court for the District of Minnesota (St.	aul) PROOF OF CLAIM
Name of Debtor:	Case Number
CAREFREE LIVING OF AMERICA (BURNSVILLE), INC.	01-33545
NOTE: This form should not be used to make a claim for an administact. A "request" for payment of an administrative expense may be fi	pursuant to 11 U.S.C. § 503.
Name of Creditor (The person or other entity to whom the debtor ower oroperty)	Check box if you are aware that anyone else has filed a proof of claim relating to your claim.
FIRST UNION NATIONAL BANK, a national banking association	Attach copy of statement giving particulars.
Name and address where notices should be sent:	Check box if you have never received any notices from the
FIRST UNION NATIONAL BANK, a national banking association for Faegre & Benson LLP 2200 Wells Fargo Center 90 South Seventh Street Minneapolis, Minnesota 55402 Attention: James D. H. Loushin Telephone Number: (612) 766-7000	bankruptcy court in this case.  Check box if the address differs from the address on the envelope sent to you by the court.  This Space is for Court use Onl
Account or other number by which creditor identifies debtor:	Check here if replaces this claim amends a previously filed claim, dated:
1. Basis for Claim  Goods sold Services performed  Money loaned Personal injury/wrongful death Taxes	Retiree benefits as defined in 11 U.S.C. § 1114(a) Wages, salaries, and compensation (fill out below) Your SS#: Unpaid compensation for services performed from to
Other	(date)
2. Date debt was incurred: On or about November 4, 1998	3. If court judgment, date obtained:
<ol> <li>Total Amount of Claim at Time Case Filed: \$11,388,457.45 (if all or part of your claim is secured or entitled to priority, also complete the complete charges in additional charges.</li> </ol>	
5. Secured Claim.	6. Unsecured Priority Claim.
Check this box if claim is secured by collateral (including a right Brief Description of Collateral:  Real Estate Motor Vehicle Cother: All real and personal property  Value of Collateral: See Exhibit B attached hereto and made a page.	Amount entitled to priority \$  Specify the priority of the claim:  Wages salaries, or commissions (up to \$4000),* earned within 90 dibefore filing of the bankruptcy petition or cessation of the debtor's
Amount of arrearage and other charges at time case filed included claim, if any: See Exhibit A attached hereto and made a part here	or services for personal, family, or household use - 11 U.S.C. § 507(a)(6). Alimony, maintenance, or support owed to a spouse, former spouse.

perfection of lien. DO NOT SEND ORIGINAL DOCUMENTS. If the documents are not available, explain. If the documents are voluminous, attach a summary. See Exhibit C attached hereto and made a part hereof.

9. Date-Stamped Copy: To receive an acknowledgment of the filing of your claim, enclose a stamped, self-addressed

envelope and copy of this proof of claim.

Sign and print the name and title, if any, of the creditor or other person authorized to file this claim (attach copy of power of attorney, if any):

FIRST UNION NATIONAL BANK, a national banking association

By

\*\*TOTAL SIDENTIFE\*\*

BY

\*\*TOTAL

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oth. 18 U.S.C. §§ 152 and Penalty for presenting fraudulent claim: Fine of up to \$500,000 or imprisonment for up to 5 years, or

# EXHIBIT A TO PROOF OF CLAIM

#### **CLAIM AMOUNT**

First Union National Bank, a national banking association ("First Union") files this proof of claim to assert a claim against Carefree Living of America (St. Cloud), Inc. (the "Debtor") for amounts due and owing to First Union by the Debtor (the "Indebtedness") as evidenced by the documents listed on Exhibit C.

The Indebtedness, as of August 17, 2001 can be further described as:

Principal

\$11,006,848.49

Plus Interest

\$381,608.96

**Total Prepetition Indebtedness** 

\$11,388,457.45, plus all fees,

costs and charges to the extent allowable under Bankruptcy Code Section 506(b).

FIRST UNION RESERVES ALL RIGHT IT MAY NOW OR ANY TIME HEREAFTER HAVE AGAINST THE DEBTOR, OR ANY OTHER PERSON. THIS CLAIM IS NOT INTENDED TO BE, AND SHALL NOT BE CONSTRUED AS: (1) AN ELECTION OF REMEDIES; (2) A WAIVER OF ANY DEFAULTS; OR (3) A WAIVER OR LIMITATION ON ANY RIGHTS, REMEDIES, CLAIMS OR INTERESTS OF FIRST UNION.

FIRST UNION RESERVES THE RIGHT TO AMEND THIS PROOF OF CLAIM, IN ANY MANNER AND FOR ANY PURPOSE, AFTER THE LAST DATE SET FOR FILING CLAIMS IN THIS PROCEEDING.

# EXHIBIT A TO PROOF OF CLAIM

#### **CLAIM AMOUNT**

First Union National Bank, a national banking association ("First Union") files this proof of claim to assert a claim against Carefree Living of America (Burnsville), Inc. (the "Debtor") for amounts due and owing to First Union by the Debtor (the "Indebtedness") as evidenced by the documents listed on Exhibit C.

The Indebtedness, as of August 17, 2001 can be further described as:

Principal

\$11,006,848.49

Plus Interest

\$381,608.96

Total Prepetition Indebtedness

\$11,388,457.45, plus all fees,

costs and charges to the extent allowable under Bankruptcy Code Section 506(b).

FIRST UNION RESERVES ALL RIGHT IT MAY NOW OR ANY TIME HEREAFTER HAVE AGAINST THE DEBTOR, OR ANY OTHER PERSON. THIS CLAIM IS NOT INTENDED TO BE, AND SHALL NOT BE CONSTRUED AS: (1) AN ELECTION OF REMEDIES; (2) A WAIVER OF ANY DEFAULTS; OR (3) A WAIVER OR LIMITATION ON ANY RIGHTS, REMEDIES, CLAIMS OR INTERESTS OF FIRST UNION.

FIRST UNION RESERVES THE RIGHT TO AMEND THIS PROOF OF CLAIM, IN ANY MANNER AND FOR ANY PURPOSE, AFTER THE LAST DATE SET FOR FILING CLAIMS IN THIS PROCEEDING.

# STATE OF MINNESOTA DISTRICT COURT COUNTY OF HENNEPIN FOURTH JUDICIAL DISTRICT CASE TYPE: Contract Linda M. Selbak,

**EXHIBIT** 

Plaintiff.

CONFESSION OF JUDGMENT

COURT FILE NO.

Minnesota Home Health Care, Inc., a Minnesota corporation; Carefree Living of America (Brainerd), Inc.; Carefree Living of America (Minnetonka), Inc.; Carefree Living of America (Burnsville), Inc.; Carefree Living of America (St. Cloud), inc.; all Delaware corporations,

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This Confession of Judgment is entered into by and between:

- Linda M. Selbak ("Selbak"), Plaintiff in the above-captioned matter. 1.
- 2. Minnesota Home Health Care, Inc., a Minnesota corporation: Carefree Living of America (Brainerd), Inc.; Carefree Living of America (Minnetonka), Inc.; Carefree Living of America (Burnsville), Inc.; Carefree Living of America (St. Cloud), Inc.; all Delaware corporations, Defendants in the above-captioned action.

### RECITALS

FIRST: Selbak commences the captioned action to recover judgment against the Defendants on account of amounts owed to her pursuant to that certain Settlement Agreement between and among the parties, dated March 26, 1998 in the amount of

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SECOND: There is now due and owing on account of the Settlement Agreement the following amount which shall hereinafter be referred to as the "Judgment Debt": \$3,837,600.

THIRD: Defendants acknowledge and agree that the Judgment Debt is immediately due and payable in full, without offset, deduction, counterclaim or defense of any kind whatsoever.

FOURTH: The Settlement Agreement settled litigation between the parties in two cases that were pending in the United States District Court for the District of Minnesota styled as Minnesota Home Health Care, et al v. Linda Marie Selbak, Court File No. 97-902 PAM/JGL and Court File No. 4-96-1239, which actions have been dismissed pursuant thereto.

FIFTH: The parties wish to resolve this matter without further litigation.

NOW, THEREFORE, in consideration of the premises and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties agree as follows:

- 1. Recitals. The foregoing recitals are true and correct and are hereby made a part of this Agreement.
- 2. <u>Confession of Judgment</u>. Defendants and each of them hereby confess judgment to the full amount of the Judgment Debt and agree that in the event of any

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default by Defendants in the performance of any obligation imposed upon Defendants under any provision of this Confession of Judgment, or in the event that the Defendants fail to pay the amounts due to Selbak or perform or fail to perform any other obligation in violation of the terms of the Settlement Agreement.

- a. Selbak may, at her sole option, docket judgment against any or all of the Defendants for the full amount of the Judgment Debt, plus costs and reasonable attorneys' fees, minus any amounts actually paid pursuant to the Settlement Agreement, which judgment may be docketed by affidavit, ex parte, in such jurisdiction as Selbak may deem advisable;
- b. Interest shall accrue on the Judgment Debt at the statutory rate from the date of docketing such judgment;
- c. In addition to any remedies provided herein, Selbak may exercise any other remedies available to her at law or equity including recission of the Settlement Agreement pursuant to paragraph 9.1 of the Settlement Agreement;
- d. Any expenses incurred by Selbak in connection with the exercising of her rights herein shall be added to the Judgment Debt;
- e. Selbak shall give Defendants notice of default before exercising any right hereunder, which notice shall provide the Defendants ninety (90) days from the effective date of the notice to cure the default specified.
- 3. <u>Dismissal of Action, etc.</u> Upon full and prompt performance of Defendants' obligations under this Confession of Judgment, including payment of all

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amounts under the terms of the Settlement Agreement, Selbak shall, upon the written request of Defendants:

- Dismiss the captioned action, with prejudice and on the merits.
- b. Cancel and return all instruments evidencing the Debt.
- 4. <u>Notice</u> Any notice required or contemplated hereunder shall be in writing and shall be effective if it is served or delivered in conformance with paragraph 10.3 of the Settlement Agreement.

MINNESOTA HOME HEALTH CARE, INC.

Dated: <u>Mai2 27Th</u> 1998.

BY.

CAREFREE LIVING OF AMERICA (MINNETONKA), INC.

Dated: MAR 27th 1998.

Ву

CAREFREE LIVING OF AMERICA (ST. CLOUD), INC.

Dated: 11/1AR 277h 1998.

Ву

CAREFREE LIVING OF AMERICA (BURNSVILLE), INC.

Dated: 1MAR 27rh 1998.

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# CAREFREE LIVING OF AMERICA (BRAINERD), INC.

T4800

Dated: MAR 27Th 1998

Ву\_\_\_\_\_

Dated: March 3/, 1998.

MOSS & BARNETT A Professional Association

Cass S. Weil #115228

Attorneys for Plaintiff 4800 Norwest Center 90 South Seventh Street Minneapolis MN 55402-4129

Telephone: (612) 347-0300

# UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA

In re:	
Wilnard Leif Selbak,	
Debtor.	BKY 98-41421
Dwight R. J. Lindquist, Trustee,	ADV 01-4113
Plaintiff,	
v.	ORDER FOR DEFAULT JUDGMENT
Summa Management, Inc., Carefree Living of America (Brainerd), Inc., Carefree Living of America (St. Cloud), Inc., Carefree Living of America (Burnsville), Inc., and Carefree Living of America (Minnetonka), Inc.,	
Defendants.	
At Minneapolis, Minnesota, March 20, 2001.	
On application of the plaintiff	and it appearing that the defendants are in default,
IT IS ORDERED: The plainting	ff shall recover from the defendants, and each of
them, a total of \$218,670.00, together with a	ttorney's fees in the amount of \$2,525.60, and costs
of \$186.15, for a total of \$221,381.75.	
LET JUDGMENT BE ENTE	RED ACCORDINGLY.

ROBERT J. KRESSEL \
UNITED STATES BANKRUPTCY JUDGE

FOR VALUE RECEIVED, the undersigned, Carefred Living of America (Minnetonka). Inc., Carefree Living of America (Burnsville), Inc., Carefree Living of America (Besinerd), Inc., and Carefree Living of America (St. Cloud), Inc., all Delaward corporations (the "Borrowers"), promise to pay to the order of William J. Howard (the "Lender") at 13713 Krestwood Drive, Burnsville, Minnesota 55337, the sum of One Hundred Seventeen Thousand Eight Hundred Seventy-Five Dollars (\$117,875.00) together with interest at the rate of twenty-four percent (24%) per assum in ruleive (12) equal monthly installments of \$5,232.18 each commencing on March 31, 2001 and continuing on the last day of each month thereafter until April 1, 2002 when the entire remaining unpaid balance together with any accrued but unpaid interest shall be due and payable in full.

This Note is made under the terms and provisions of a certain Loan Agreement and Quaranty of Katherine L. Zeller and of even date bereof, and the holder thereof is entitled to all the benefits provided for in said Agreements, or referred to therein, to which Agreements reference is made for a statement of the terms and conditions under which this indictedness was incurred and is to be repaid and under which the due date of this Note may be anti-lerated. The provisions of the Agreements are incorporated by reference herein with the same force and effect as if fully act forth herein.

Payments hereunder shall be applied first to accrued interest and the premainder to principal.

Upon the occurrence at any time of any Event of Default, as defined in the Agreements, Borrower promises to pay all costs of collection, including but not limited to reasonable attorney's fees, incurred by the Lender on secount of such collection, whether or not suit is filed Person:

> Carefree Living of America (MINNETONKA), INC.

Its: Presider

CAREFREE LIVING OF AMERICA (BURNSVILLE), INC.

Kuthleun L. Zeller

Its: Presiden

CAREFREE LIVING OF AMERICA (BRAINERD), DIC.

By: Kathleen J. Zelfer
Its: President

CAREFREE LIVING OF AMERICA (ST. CLOUD), INC.

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FOR VALUABLE CONSIDERATION RECEIVED, Carefree Living of America (Burnsville), Inc., a Delaware corporation, having an address of 600 Nicollet Court, Burnsville, Minnesota 55377, Carefree Living of America (Brainerd), Inc., a Delaware corporation, having an address of 2723 East Oak Street, Brainerd, Minnesota 56401, Carefree Living of America (St. Cloud), Inc., a Delaware corporation, having an address of 1225 Division Street, St. Cloud, Minnesota 56304, jointly and severally (collectively, the 'Maker'), hereby promises to pay to William J. howard ("Holder"), at Holder's office at 13713 Krestwood Drive, Burnsville, Minnesota 55337, or at any other place designated by the Holder hereof the principal sum of Thirty Seven Thousand Five Hundred Dollars (\$37,500.00) together with increst (calculated on the basis of actual days elapsed) on the unpaid principal hereof, and fee in the amount of Nine Thousand Three Hundred and Seventy Five Dollars (\$9,375) from the date of this Note until this Note is fully paid in the following manner and upon the following terms and conditions:

- 1. Payment. This Note shall be payable in consecutive monthly installments of Six Hundred and Eighty Seven Dollars and Fifty Cents (\$687.50) commencing on the fifteenth day of September, 2000 and on the fifteenth day of each month thereafter until the fifteenth day of January, 2001 at which time all unpaid principal, accrued and unpaid interest, and fees shall become due and payable in full. Notwithstanding any language to the contrary, all sums due hereunder shall be paid in full from the proceeds of any financing by the Maker in the aggregate in excess of \$13,000,000.00.
- 2. Prepayment. This Note may be prepaid in whole or in part at any time provided that any such prepayment shall be applied first to accrued increst with the remainder applied to reduction of principal. Any extension of time for the payment of the principal of the Note resulting from the due date falling on a Saturday, Sunday or legal holiday shall be included in the computation of interest.
- 3. Interest. Interest shall accrue on this Note at the rate of Twenty 22%) Percent per annum.
- 4. Events of Default. If payments are not paid when one, or if any other indebtedness of Maker to the Holder is not paid when due, or if Maker sells all or substantially all of their assets or secures financing in the aggregate in excess of Thirteen Million Dollars (\$13,000,000.00), or if a garnishment summons or a writ of attachment is issued against and served upon the Holder for the attachment of an property of Maker in the Holder's possession or any indebtedness owing to Maker, Holder may, at his option, declare this Note to be immediately due and payable and thereupon the Note shall be immediately due and payable, together with all unpaid interest accrued hereon, without notice of demand. This Note shall also become automatically due and payable (including unpaid interest accrued hereon) without notice or demand should Maker die of should a petition be filed by or against Maker under the United States Bankruptcy Gode or any other law relating to insolvency, reorganization, receivership or relief of debtors. If this Note is not paid on the due date or any event occurs that would en title the Holder to declare this Note

to be immediately due and payable, Maker agrees to pay all costs of collection, including attorneys fees, and the Holder shall have the right to set off the indebtedness evidenced by this Note against any indebtedness of the Holder to Maker, to file any Confessions of Judgment executed by Maker, and to take any other action authorized by law Holder deems appropriate to collect the sums due under this Note. Presentment or other demand for payment, notice or dishonor and protest are hereby waived by Maker.

- Notice of Default. If Maker shall default by failing to perform the obligations imposed by this Note, then the Holder shall give notice to the Maker of default and if the default is not cured within thirty days from the receipt of such notice by Maker, then the full indebtedness represented by this Note shall become immediately due and payable. The Holder shall take no action against either Maker and shall commence no proceedings for collection until the expiration of such notice.
- 6. Extension; Payment of Costs of Collection. Maker shall continue to comain liable to pay the unpaid balance of the indebtedness evidence by this Note as extended, renewed, or modified. Maker further agrees to pay all costs of collection, including reasonable attorney's fees, in case any payment due hereunder shall not be made when due or other default occur.

# 7. Miscellaneous.

- a. Notices. All notices required pursuant to the erms of this Note shall be in writing and either delivered personally or sent by United States mai. If sent by mail, notice shall be deemed given when deposited in the U.S. Mail, properly addressed and with postage prepaid. Unless changed by written notice, the addresses provided above shall be used to notify Maker.
- b. Governing Law. This Note shall be construed and interpreted and enforced in accordance with the laws of the State of Minnesota, without regard to principles of conflicts of law.
- c. <u>Binding Effect</u>. Except as herein otherwise provided to the contrary, this Note shall be binding upon, and inure to the benefit of, the parties and the respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, this Note has been executed to be effective as of the 1st day of September, 2000

MAKE	R:		
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(BURN	SVILLE) IN	C.,	Delaware
corpora	tion		
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corpora	hoù		
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\$1,500,000.00 MARCH 15, 2001

#### PROMISSORY NOTE

FOR VALUABLE CONSIDERATION RECEIVED, Summa Management, Inc., a Delaware corporation, Carefree Living of America (Brainerd), Inc., a Delaware corporation, Carefree Living of America (Burnsville), Inc., a Delaware corporation, Carefree Living of America (St. Cloud), Inc., a Delaware corporation, Carefree Living of America (Minnetonka), Inc., a Delaware corporation, (collectively called "Maker"), jointly and severally hereby promise to pay to Mahoney & Hagberg, A Professional Association ("Holder"), its successors and assigns, at Holder's office at 109 Bushaway Road, Wayzata, Minnesota, or at any other place designated by the Holder hereof the principal sum of One Million Five Hundred Thousand Dollars (\$1,500,000) or, if less, the aggregate unpaid amount of all fees, costs and advances made by Holder to the Maker and its present or past affiliates together with interest (calculated on the basis of actual days elapsed) on the unpaid principal hereof, from the date of this Note until this Note is fully paid in the following manner and upon the following terms and conditions:

- 1. <u>Payment</u>. This Note shall be payable upon demand, at which time all unpaid principal and accrued and unpaid interest shall become due and payable in full.
- 2. Prepayment. This Note may be prepaid in whole or in part at any time provided that any such prepayment shall be applied first to accrued interest with the remainder applied to reduction of principal. Any extension of time for the payment of the principal of the Note resulting from the due date falling on a Saturday, Sunday or legal holiday shall be included in the computation of interest.
- 3. Interest. Interest shall accrue on this Note at the rate of eight (8%) Percent per annum.
- Default. If payments are not paid when due, or if any other indebtedness of either Maker to 4. the Holder is not paid when due, or if a garnishment summons or a writ of attachment is issued against to served upon the Holder for the attachment of any property of either Maker in the Holder's possession or any indebtedness owing to either Maker, Holder may, at its option, declare this Note to be immediately due any payable and thereupon the Note shall be immediately due and payable, together with all unpaid interest accrued hereon, without notice of demand. This Note shall also become automatically due and payable (including unpaid interest accrued hereon) without notice or demand should either Maker die or should a petition be filed by or against either Maker under the United States Bankruptcy Code or any other law relating to insolvency, reorganization, receivership or relief of debtors. If this Note is not paid on the due date or any event occurs that would entitle the Holder to declare this Note to be immediately due and payable, Maker agrees to pay all costs of collection, including attorneys fees, and the Holder shall have the right to set off the indebtedness evidenced by this Note against any indebtedness of the Holder to Maker, to file any Confessions of Judgment executed by either Maker, and to take any other action authorized by law Holder deems appropriate to collect the sums due under this Note. Presentment or other demand for payment, notice or dishonor and protest are hereby waived by Maker.

- Notice of Default. If Maker shall default by failing to perform the obligations imposed by this Note, then the Holder shall give notice to the Maker of default and if the default is not cured within ten days from the sending of such notice, then the full indebtedness represented by this Note shall become immediately due and payable. The Holder shall take no action against either Maker and shall commence no proceedings for collection until the expiration of such notice.
- 6. Waiver. Maker waives demand, presentment, notice of nonpayment of dishonor, protest and notice of protest, and agrees that they shall continue to remain liable to pay the unpaid balance of the indebtedness evidence by this Note as extended, renewed, or modified. Maker further agrees to pay all costs of collection, including reasonable attorney's fees, in case any payment due hereunder shall not be made when due or other default occur.

#### 7. <u>Miscellaneous</u>.

a. <u>Notices</u>. All notices required pursuant to the terms of this Note shall be in writing and either delivered personally or sent by United States mail. If sent by mail, notice shall be deemed given when deposited in the U.S. Mail, properly addressed and with postage prepaid. Unless changed by written notice, the following addresses shall be used:

Carefree Living of America (Minnetonka), Inc. 14505 Minnetonka Drive Minnetonka, Minnesota 55345

- b. <u>Governing Law</u>. This Note shall be construed and interpreted and enforced in accordance with the laws of the State of Minnesota, without regard to principles of conflicts of law.
- c. <u>Binding Effect</u>. Except as herein otherwise provided to the contrary, this Note shall be binding upon, and inure to the benefit of, the parties and the respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, this Note has been executed to be effective as of the 15<sup>th</sup> day of March, 2001

SUMMA MANAGEMENT, INC.

KATHLEEN'L. ZELLER

Its: President

CAREFREE LIVING OF AMERICA

# (BRAINERD), INC.

Its: President

CAREFREE LIVING OF AMERICA (BURNSVILLE), INC.

Its: President

CAREFREE LIVNG OF AMERICA (ST. CLOUD), INC.

By: KATHLEEN L. ZELLER

Its: President

FOR VALUABLE CONSIDERATION RECEIVED, Carefree Living of America (Burnsville), Inc., a Delaware corporation, having an address of 600 Nicollet Court, Burnsville, Minnesota 55377, Carefree Living of America (Brainerd), Inc., a Delaware corporation, having an address of 2723 East Oak Street, Brainerd, Minnesota 56401, Carefree Living of America (St. Cloud), Inc., a Delaware corporation, having an address of 1225 Division Street, St. Cloud, Minnesota 56304 and Carefree Living of America (Minnetonka), Inc., a Delaware corporation, having an address of 14505 Minnetonka Drive, Minnetonka, Minnesota 55345, jointly and severally (collectively referred to as the "Maker"), hereby promises to pay to the Jane L. Strom Revocable Trust U/A October 28, 1998 ("Holder"), and Holder's successors and assigns at Holder's office at 109 Bushaway Road, Wayzata, Minnesota 55391, or at any other place designated by the Holder hereof the principal sum of Sixty-Two Thousand One Hundred and Sixty and 35/100 Dollars (\$62,160.35) together with interest (calculated on the basis of actual days elapsed) on the unpaid principal hereof, from the date of this Note until this Note is fully paid in the following manner and upon the following terms and conditions:

- 1. Payment. This Note shall be payable in consecutive monthly installments of Three Thousand Dollars (\$3,000) in principal, plus all accrued and unpaid interest commencing on the 15<sup>th</sup> day of February, 2001, and continuing until the 15th day of September, 2001. On October 1, 2001, Maker shall pay Holder one-half of all unpaid principal and accured and unpaid interest. On November 1, 2001 all unpaid principal and accrued and unpaid interest shall become due and payable in full. Notwithstanding the foregoing, in the event that any Maker obtains refinancing in the aggregate in excess of Thirteen Million Dollars (\$13,000,000), or any affiliate of any Maker obtains such financing for the benefit of any Maker, all unpaid principal and accrued and unpaid interest shall immediately become due and payable in full.
- 2. Prepayment. This Note may be prepaid in whole or in part at any time provided that any such prepayment shall be applied first to accrued interest with the remainder applied to reduction of principal. Any extension of time for the payment of the principal of the Note resulting from the due date falling on a Saturday, Sunday or legal holiday shall be included in the computation of interest.
- 3. <u>Interest.</u> Interest shall accrue on this Note at the rate of Twenty-Two (22%) Percent per annum.
- 4. <u>Default</u>. If payments are not paid when due, or if any other indebtedness of Maker to the Holder is not paid when due, or if any Maker sells all or substantially of its assets, or secures financing in the aggregate in excess of Thirteen Million Dollars (\$13,000,000), or if a garnishment summons or a writ of attachment is issued against to served upon the Holder for the attachment of any property of either Maker in the Holder's possession or any indebtedness owing to either Maker, Holder may, at its option, declare this Note to be immediately due any payable and thereupon the Note shall be immediately due and payable, together with all unpaid interest accrued hereon, without notice of demand. This

Note shall also become automatically due and payable (including unpaid interest accrued hereon) without notice or demand should either Maker die or should a petition be filed by or against either Maker under the United States Bankruptcy Code or any other law relating to insolvency, reorganization, receivership or relief of debtors. If this Note is not paid on the due date or any event occurs that would entitle the Holder to declare this Note to be immediately due and payable, Maker agrees to pay all costs of collection, including attorneys fees, and the Holder shall have the right to set off the indebtedness evidenced by this Note against any indebtedness of the Holder to Maker, to file any Confessions of Judgment executed by either Maker, and to take any other action authorized by law Holder deems appropriate to collect the sums due under this Note. Presentment or other demand for payment, notice or dishonor and protest are hereby waived by Maker.

- 5. Notice of Default. If Maker shall default by failing to perform the obligations imposed by this Note, then the Holder shall give notice to the Maker of default and if the default is not cured within ten days from the sending of such notice, then the full indebtedness represented by this Note shall become immediately due and payable. The Holder shall take no action against either Maker and shall commence no proceedings for collection until the expiration of such notice.
- 6. Waiver. Maker waives demand, presentment, notice of nonpayment of dishonor, protest and notice of protest, and agrees that they shall continue to remain liable to pay the unpaid balance of the indebtedness evidence by this Note as extended, renewed, or modified. Maker further agrees to pay all costs of collection, including reasonable attorney's fees, in case any payment due hereunder shall not be made when due or other default occur.

#### 7. Miscellaneous.

a. <u>Notices</u>. All notices required pursuant to the terms of this Note shall be in writing and either delivered personally or sent by United States mail. If sent by mail, notice shall be deemed given when deposited in the U.S. Mail, properly addressed and with postage prepaid. Unless changed by written notice, the following addresses shall be used:

Carefree Living of America (Burnsville), Inc., 600 Nicollet Court
Burnsville, Minnesota 55377

Carefree Living of America (Brainerd), Inc., 2723 East Oak Street, Brainerd, Minnesota 56401

Carefree Living of America (St. Cloud), Inc. 1225 Division Street, St. Cloud St. Cloud, Minnesota 56304

Carefree Living of America (Minnetonka), Inc., 14505 Minnetonka Drive Minnetonka, Minnesota 55345

Jane L. Strom Revocable Trust U/A October 28, 1998 109 Bushaway Road Wayzata, Minnesota 55391

- b. Governing Law. This Note shall be construed and interpreted and enforced in accordance with the laws of the State of Minnesota, without regard to principles of conflicts of law.
- c. <u>Binding Effect</u>. Except as herein otherwise provided to the contrary, this Note shall be binding upon, and inure to the benefit of, the parties and the respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, this Note has been executed to be effective as of the 15th day of January, 2001

FORM B10 (Official UNITED STATI	ES BANKRUPTCY COURT DISTRICT OF MINNESOTA (S	T. PAUL)			PROOFO	LILAIM
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☐ Services perf	formed	Your SS #:				
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#### STATE OF MINNESOTA

DISTRICT COURT

COUNTY OF ITASCA

NINTH JUDICIAL DISTRICT

David J. Broberg and Mary Lee Sutton,

Court File No. C5-00-79

Plaintiffs,

vs.

Summa Management, Inc.

Defendant.

and

In the Matter of the Confession of Judgment by:

**JUDGMENT** 

Carefree Living of America (Brainerd), Inc., Carefree Living of America (St. Cloud), Inc., and Carefree Living of America (Burnsville), Inc.,

Defendants,

in Favor of:

David J. Broberg and Mary Lee Sutton,

Plaintiffs.

Upon filing of the verified Confession of Judgment made by Carefree Living of America (Brainerd), Inc., Carefree Living of America (St. Cloud), Inc. and Carefree Living of America (Burnsville), Inc., Defendants herein.

\_\_\_\_\_\_

# IT IS HEREBY ADJUDGED, DETERMINED AND DECREED:

That Plaintiffs herein, David J. Broberg and Mary Lee Sutton, have judgment against the Defendants herein, Carefree Living of America (Brainerd), Inc., Carefree Living of America (St. Cloud), Inc. and Carefree Living of America (Burnsville), Inc., in the amount of \$62,539.68, the amount set forth in said Confession of Judgment and that defendant Summa Management, Inc. is hereby dismissed with prejudice in the above-captioned matter.

Dated: March 15, 2001.

MAR 1 5 2001

BY THE COURT:

Court Administrator

Deputy Court Administrator Itasca County, Minnesota

(Official Form 10) (4/01) UNITED STATES BANKRUPTCY COURT DISTRI	ICT OF M	MINNESOTA	PROOF OF CLAIM
Name of Debtor: Carefree Living of America (Burnsvil	le) Inc	Case Number: 01-33545	
NOTE: This form should not be used to make a claim for an adm		•	RECEIVED
of the case. A "request" for payment of an administrative expens Name of Creditor: (The person or entity to whom the debtor owes money or property) William Howard Name and address where notices should be sent: Richard Evans McGrann Shea 800 Nicollet Mall, Suite 2600 Minneapolis, MN 55402-7035 Telephone Number: 612-338-2525  Account or other number by which creditor identifies debtor:	□ ( ; ; ; ;	Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.  Check box if you have never received any notices from the bankruptcy court in this case.  Check box if the address differs from the address on the envelope sent to you by the court	U.S. BANKRUPICY. COURT ST. PAUL. MN  THIS SPACE IS FOR COURT USE ONLY
1. Basis for Claim:	□ Re	etiree benefits as defined in 11 U.S.C.	§ 1114(a)
☐ Goods sold	□ W	ages, salaries, and compensations (Fil	l out below)
<ul> <li>Services performed</li> <li>Money loaned</li> <li>Personal injury/wrongful death</li> <li>Taxes</li> <li>Other <u>Promissory Notes, Interest, Expenses</u></li> </ul>		Your SS# Unpaid compensations for services pe fromto	rformed
Other Promissory Notes, Interest, Expenses		(date)	(date)
2. Date debt was incurred: 02/12/2000 - PRESE	ENT	3. If court judgment, date obta	ined:
4. Total Amount of Claim at Time Case Filed:  If all or part of your claim is secured or entitled to	priority,	\$ 193,030 also complete Item 5 or 6 below.	
If all or part of your claim is secured or entitled to Check this box if claim includes interest or other cl statement of all interest or additional charges.  5. Secured Claim	priority, a	also complete Item 5 or 6 below. addition to the principal amount of the	claim. Attach itemized
If all or part of your claim is secured or entitled to Check this box if claim includes interest or other claiment of all interest or additional charges.	priority, a	also complete Item 5 or 6 below. addition to the principal amount of the  6. Unsecured Priority Claim  Check this box if you have an unamount entitled to priority claim Specify the priority of the claim  Wages, salaries, or commissions before filing of the bankruptcy business, whichever is earlier-	claim. Attach itemized  secured priority claim.  n \$ : (up to \$4,650*), carned within 90 days petition or cessation of the debtor's 1 U.S.C. § 507(a)(3)
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If all or part of your claim is secured or entitled to Check this box if claim includes interest or other claiment of all interest or additional charges.  5. Secured Claim Check this box if your claim is secured by collatera (including a right of setoff). Brief Description of Collateral: Real Estate	priority, a harges in a	also complete Item 5 or 6 below. addition to the principal amount of the  6. Unsecured Priority Claim  Check this box if you have an ur Amount entitled to priority clair Specify the priority of the claim  Wages, salaries, or commissions before filing of the bankruptcy business, whichever is earlier— Contributions to an employee be Up to \$2.100* of deposits towar services for personal, family, or Alimony, maintenance, or supporchild -II U.S.C. \$507(a)(7)  Taxes or other penalties of gove Other - Specify applicable parag *Amounts are subject to adjustment	claim. Attach itemized  secured priority claim.  n \$ : (up to \$4,650*), earned within 90 days petition or cessation of the debtor's 11 U.S.C. § 507(a)(3) nefit plan - 11 U.S.C. §507(a)(4) d purchase, lease, or rental of property or household use - 11 U.S.C. § 507(a)(6) rt owed to a spouse, former spouse, or rmmental units - 11 U.S.C. § 507(a)(8) raph of 11 U.S.C. § 507(a) on 4/1/04 and every 3 years thereafter with
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If all or part of your claim is secured or entitled to Check this box if claim includes interest or other classification of all interest or additional charges.  5. Secured Claim Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: Check this box if your claim is secured by collateral (including a right of setoff). Brief Description of Collateral: Check this box if your claim is secured by collateral (including a right of setoff).  Amount of arrearage and other charges at time case included in secured claim, if any: Credits: The amount of all payments on this claim has purpose of making this proof of claim.  Supporting Documents: Attach copies of supporting Documents: Attach copies of supporting Documents:	e filed  as been cre	also complete Item 5 or 6 below. addition to the principal amount of the  6. Unsecured Priority Claim  Check this box if you have an ur Amount entitled to priority clair Specify the priority of the claim  Wages, salaries, or commissions before filing of the bankruptcy business, whichever is earlier- Contributions to an employee be Up to \$2.100* of deposits towar services for personal, family, or Alimony, maintenance, or supporchild -II U.S.C. \$507(a)(7)  Taxes or other penalties of gove Other - Specify applicable parag *Amounts are subject to adjustment respect to cases commenced edited and deducted for the	claim. Attach itemized  secured priority claim.  n \$ : (up to \$4,650*), earned within 90 days petition or cessation of the debtor's 11 U.S.C. § 507(a)(3) nefit plan - 11 U.S.C. §507(a)(4) d purchase, lease, or rental of property or household use - 11 U.S.C. §507(a)(6) rt owed to a spouse, former spouse, or rmmental units - 11 U.S.C. § 507(a) raph of 11 U.S.C. § 507(a) on 4/1/04 and every 3 years thereafter with on or after the date o adjustment.  SEND CLAIMS TO:
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If all or part of your claim is secured or entitled to Check this box if claim includes interest or other clastatement of all interest or additional charges.  5. Secured Claim  Check this box if your claim is secured by collateral (including a right of setoff).  Brief Description of Collateral:  Real Estate  Other  Value of Collateral: \$  Motor Vehicle  Value of Collateral: \$  Credits: The amount of all payments on this claim has purpose of making this proof of claim.  Supporting Documents: Attach copies of supporting Documents: Attach copies of supporting dements, mortgages, security agreements, and eving SEND ORIGINAL DOCUMENTS. If the document documents are voluminous, attach a summary.  Date-Stamped Copy: To receive an acknowledgment a stamped, self-addressed envelope and copy of this	e filed  as been cre  orting do  unning according according according to a re  ent of the files proof of the serior of the files are not a re-  ent of the files proof of the files proof of the files are not a re-  ent of the files proof of t	also complete Item 5 or 6 below. addition to the principal amount of the  6. Unsecured Priority Claim  Check this box if you have an unamount entitled to priority claim Specify the priority of the claim  Wages, salaries, or commissions before filing of the bankruptcy business, whichever is earlier— Contributions to an employee be Up to \$2,100* of deposits towar services for personal, family, or Alimony, maintenance, or support child -II U.S.C. §507(a)(7) Taxes or other penalties of gove Other - Specify applicable parage *Amounts are subject to adjustment respect to cases commenced edited and deducted for the cuments, such as promissory notes, ounts, contracts, court perfection of lien. DO NOT available, explain. If the	claim. Attach itemized  secured priority claim.  n \$ : (up to \$4,650*), earned within 90 days petition or cessation of the debtor's 11 U.S.C. \$ 507(a)(3) nefit plan - 11 U.S.C. \$507(a)(4) d purchase, lease, or rental of property or household use - 11 U.S.C. \$507(a)(6) rt owed to a spouse, former spouse, or rmmental units - 11 U.S.C. \$ 507(a) and 4/1/04 and every 3 years thereafter with on or after the date o adjustment.  SEND CLAIMS TO:  U.S. BANKY UPTCY COUP 200 U.S. QUIR HOUSE
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## MAHONEY & HAGBERG

A PROFESSIONAL ASSOCIATION ATTORNEYS AT LAW

109 BUSHAWAY ROAD MINNEAPOLIS, MINNESOTA 15391 TELEPHONE (612) 332-2225 FACSIMILE (612) 332-8066

#### VIA FACSIMILE

July 19, 2001

Robert O. Straughn, Esq. McGrann, Shea 800 Nicollet Mall, Suite 2600 Minneapolis, MN 55402

Re:

William J. Howard Notes

#### Dear Bob:

I met with Kate Zeller and Bill Howard on Tuesday. Among other things, Bill and Kate discussed the notes and amounts due and came to an agreement on the total sum presently due. They agreed that, at present, the aggregate sum of \$489,050, is the principal balance due and that interest has been paid current as agreed. However, after working through the specific notes, I believe that the following notes represent the present unpaid obligations (copies are attached):

<u>Date</u>	Maker(s)	Original A	monn	ţ
March 1, 2000	Carefree Living of America (Minnetonka), Inc.	 \$330,000		
September 1, 2000	Carefree Living of America (Burnsville), Inc., Carefree Living of America (Brainerd), Inc. and Carefree Living of America (St. Cloud), Inc.	37,500		
January 18, 2001	All of the above entities	117,875		

Bill's list, (contains notes by me), also attached, reflects three loans in the amounts of \$50,000, \$100,000 and \$180,000. I understand that these loans were consolidated into the \$330,000 note. What was not included in the \$310,000 note, however was the \$7,500 interest sum set forth in the \$50,000 note that was due February 12, 2000. Bill and Kate then agreed that the following sums remain under the above notes and other obligations:

1: 10

 March 1, 2000 Note:
 \$330,000

 Additional interest (see above):
 7,500

 Reimbursement for missed cruise:
 6.800

 January 18, 2001 Note:
 117,875

 Less: Principal payment:
 (20,000)

 September 1, 2000 Note:
 37,500

 Fee for September 1, 2000 Note:
 9,375

Principal sum agreed upon to be due

\$489,050

Interest has been paid, not to date, but currently.

The Note dated September 1, 2000, provides for payments of interest only with the entire balance due on January 15, 2001. Bill and Kate, however, have treated this as interest only and interest payments have been made as a greed. The Note dated March 1, 2000 is due on demand. Bill and Kate agreed that interest has been paid as agreed. The Note dated January 18, 2001, has not been paid as set forth in the Note. Apparently both Bill and Kate either agreed or assumed that only interest was required to be paid.

Kate is agreeable to securing the sums due with real estate mortgages securing the Notes from the respective makers. Alternatively, Bill and Kate discussed establishing one real estate mortgage from all the entities, providing for partial releases upon payment of the respective sums due.

Most, if not all the outstanding notes are personally guarantied by Kate. She has asked for the release of her personal guaranty in exchange for the security offered in a mortgage. In addition, it seems to me that there is a consideration problem if we simply establish a real estate mortgage to secure the present notes. There needs to be some consideration. I suggest that the notes be renewed with new notes that would constitute a forbearance by Bill. In that way, the consideration issue would be covered.

Please contact me with your thoughts and comments.

Regards

Steven V. Hagberg

SVH/st.

Enclosure

cc. Kathleen L. Zeller

FOR VALUABLE CONSIDERATION RECEIVED, Carefree Living of America (Burnsville), Inc., a Delaware corporation, having an address of 600 Nicollet Court, Burnsville, Minnesota 55377, Carefree Living of America (Brainerd), Inc., a Delaware corporation, having an address of 2723 East Oak Street, Brainerd, Minnesota 56401, Carefree Living of America (St. Cloud), Inc., a Delaware corporation, having an address of 1225 Division Street, St. Cloud, Minnesota 56304, jointly and severally (collectively, the 'Maker'), hereby William J. howard ("Holder"), at Holder's office at 1 713 Krestwood Drive, Burnsville, Minnesota 55337, or at any other place designated by the Holder hereof the principal sum of Thirty Seven Thousand Five Hundred Dollars (\$37,500.00) together with interest (calculated on the basis of actual days elapsed) on the unpaid principal hereof, and fee in the amount of Nine Thousand Three Hundred and Seventy Five Dollars (\$9,375) from the date of this Note until this Note is fully paid in the following manner and upon the following terms and conditions:

- Payment. This Note shall be payable in consecutive monthly installments of Six Hundred and Eighty Seven Dollars and Fifty Cents (\$687.50) commencing on the fifteenth day of September, 2000 and on the fifteenth day of each month thereafter until the fifteenth day of January, 2001 at which time all unpaid principal, accrued and unpaid interest, and fees shall become due and payable in full. Notwithstanding any language to the contrary, all sums due hereunder shall be paid in full from the proceeds of any financing by the Maker in the aggregate in excess of \$13,000,000.00.
- 2. Prepayment. This Note may be prepaid in whole or in part at any time provided that any such prepayment shall be applied first to accrued increst with the remainder applied to reduction of principal. Any extension of time for the payment of the principal of the Note resulting from the due date falling on a Saturday, Sunday or legal holiday shall be included in the computation of interest.
- 3. Interest shall accrue on this Note at the rate of Twenty 22%) Percent per annum.
- 4. Events of Default. If payments are not paid when one, or if any other indebtedness of Maker to the Holder is not paid when due, or if Maker sells all or substantially all of their assets or secures financing in the aggregate in excess of Thirteen Million Dollars (\$13,000,000.00), or if a garnishment summons or a writ of attachment is issued against and served upon the Holder for the attachment of any property of Maker in the Holder's possession or any indebtedness owing to Maker, Holder may, at his option, declare this Note to be immediately due and payable and thereupon the Note shall be immediately due and payable, together with all unpaid interest accrued hereon, without notice of demand. This Note shall also become automatically due and payable (including unpaid interest accrued hereon) without notice or demand should Maker die of should a petition be filed by or against Maker under the United States Bankruptcy Gode or any other law relating to insolvency, reorganization, receivership or relief of debtors. If this Note is not paid on the due date or any event occurs that would entitle the Holder to declare this Note

to be immediately due and payable, Maker agrees to pay all costs of collection, including attorneys fees, and the Holder shall have the right to set off the indebtedness evidenced by this Note against any indebtedness of the Holder to Maker, to file any Confessions of Judgment executed by Maker, and to take any other action authorized by law Holder deems appropriate to collect the sums due under this Note. Presentment or other demand for payment, notice or dishonor and protest are hereby waived by Maker.

- Notice of Default. If Maker shall default by failing to perform the obligations imposed by this Note, then the Holder shall give notice to the Maker of default and if the default is not cured within thirty days from the receipt of such notice by Maker, then the full indebtedness represented by this Note shall become immediately due and payable. The Holder shall take no action against either Maker and shall commence no proceedings for collection until the expiration of such notice.
- 6. Extension; Payment of Costs of Collection. Maker shall continue to remain liable to pay the unpaid balance of the indebtedness evidence by this Note as extended, renewed, or modified. Maker further agrees to pay all costs of collection, including reasonable attorney's fees, in case any payment due hereunder shall not be made when due or other default occur.

### 7. Miscellaneous.

- a. Notices. All notices required pursuant to the terms of this Note shall be in writing and either delivered personally or sent by United States mail. If sent by mail, notice shall be deemed given when deposited in the U.S. Mail, properly addressed and with postage prepaid. Unless changed by written notice, the addresses provided above shall be used to notify Maker.
- b. Governing Law. This Note shall be construed and interpreted and enforced in accordance with the laws of the State of Minnesota, without regard to principles of conflicts of law.
- c. <u>Binding Effect</u>. Except as herein otherwise provided to the contrary, this Note shall be binding upon, and inure to the benefit of, the parties and the respective heirs, executors, administrators, successors and assigns.

IN WITNESS WHEREOF, this Note has been executed to be effective as of the 1st day of September, 2000

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FOR VALUE RECEIVED, the undersigned, Carefred Living of America (Minnetonka), Inc., Carefree Living of America (Burasville), Inc., Carefree Living of America (Brainord), Inc., and Carefree Living of America (St. Cloud), Inc., all Delaward corporations (the "Bourowers"), promise to pay to the order of William J. Howard (the "Lender") at 13713 Erestwood Drive, Beausville, Minnesota 55337, the sum of One Handred Seventeen Thousand Sight Handred Seventy-Five Deliars (\$117,875.00) together with interest at the rate of twenty-four percent (24%) per assum in receive (12) equal monthly installments of \$5,232.18 each commencing on March 31, 200) and continuing on the last day of each month terreafter until April 1, 2002 when the entire remaining unpaid balance together with any accrued but unpaid interest shall be due and payable in full

This Note is made under the terms and provisions of a certain Loan Agreement and Guaranty of Katherina L. Zeller and of even data bereof, and the holder thereof is entitled to all the benefits provided for in said Agreements, or referred to therein, to which Agreements seference is made for a statement of the terms and conditions under which this indictedness was incurred and is to be repaid and under which the due date of the Note may be anti-leasted. The provisions of the Agreements are incorporated by reference herein with the same faces and effect as if fully set forth herein.

Payments hereunder shall be applied first to accrued letterest and the remainder to principal.

Upon the occurrence at any time of any Event of Default, as defined in the Agreements, Borrower promises to pay all costs of collection, including but not limited to reasonable attorney's see, mounted by the Lender on account of such collection, whether or not suit is filed MINOD.

> Carefree Living of America (MINNETONKA), INC.

Its: Presiden

CAREFREE LIVING OF AMERICA (BURNSVILLE), INC.

Kathleen L.

Its: Presiden

CAREFREE LIVING OF AMERICA (BRAINERD), DIC.

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CAREFREE LIVING OF AMERICA (ST. CLOUD), INC.

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UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA (ST. PAUL)	PROOF OF CLAIM	
lame of Debtor	Case Number	RECEIVED
Carefree Living of America (Burnsville), Inc	01-33545	
NOTE: This form should not be used to make a claim for an admin commencement of the case. A "request" of payment of an a pursuant to 11 U.S.C. § 503.	is affice appears arising after the idministrative expense may be filed	US BANGRUPTCYCOURT STANL MA
anc of Creditor The person or entity to whom the debtor owes money or property) Hinshaw & Culbertson	Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.	ST PAUL MA
ame and Address Where Notices Should be Sent	Check box if you have never received any	,
Paul B. Jones, Esq. Fredrikson & Byron, P.A. 100 International Centre 200 Second Avenue South Minneapolis MN 55402	notices from the bankruptcy court in this case.  Check box if the address differs from the address on the envelope sent to you by the court.	Thurs for a second of Garage Use Cours
612) -347-7000		THIS SPACE IS FOR COURT USE ONLY
ecount or other number by which creditor identifies Debtor.	Check here if this claim: replaces amends a p	reviously filed claim, dated:
Basis For Claim:  Goods sold Services performed Money loaned Personal injury/wrongful death Taxes Other (Describe briefly) ATTORNEYS' FEES PURSUANT	Retiree benefits as defined in 11 U.S.C. §11 Wages, salaries and compensation (Fill out by Your social security number: Unpaid compensation for services performed from to (date)	pelow)
TO SETTLEMENT AGREEMENT  . Date Debt Was Incurred	3. If Court Judgment, Date Obtained:	
August 1997 – August 21, 2001	May 11, 1998	
4. Total Amount of Claim at Time Case Filed: \$ 43,915.94 ( If all or part of your claim is secured or entitled to priority, also or check this box if claim includes interest or other charges in or additional charges.	plus accruing interest and attorneys' complete Item 5 of 6 below.  n addition to the principal amount of the claim. A	fees)  Attach itemized statement of all interest
5. Secured Claim.  Check this box if your claim is secured by collateral (including right of setoft).  Brief description of collateral:  Real Estate  Motor Vehicle  Other Accounts and other business assets  Value of Collateral:  Amount of arrearage and other charges at time case filed included in secured claim, if any: \$	Check this box if you have an unsecured pri Amount entitled to priority \$\frac{2}{2}\$ Wages, salaries or commissions (up to \$4,3 filing of the bankruptcy petition or cessatio earlier -U.S.C. \$507(a)(3).    Contributions to an employee benefit plan - Up to \$1,950* of deposits toward purchase, for personal, family, or household use - 11 to Alimony, maintenance, or support owed to 11 U.S.C. \$ 507)(a)(7)    Taxes or penalties owed to governmental under the control of t	100),* carned within 90 days before in of the debtor's business, whichever is  11 U.S.C. § 507(a)(4). lease, or rental of property or services U.S.C. § 507(a)(6). a spouse, former spouse, or child -
	*Amounts are subject to adjustment on 4/1/01 a respect to cases commenced on or after the	
<ol> <li>Credits: The amount of all payments on this claim has been crethis proof of claim.</li> </ol>	edited and deducted for the purpose of making	SEND CLAIM TO:
<ol> <li>Supporting Documents: Attach copies of supporting documen invoices, itemized statements or running accounts, contracts, co and evidence of perfection of lien. DO NOT SEND ORIGINAl available, explain. If the documents are voluminous, attach a su</li> </ol>	urt judgments, mortgages, security agreements,  L DOCUMENTS. If the documents are not	Clest of Court United State Bankruptcy Cuirt
Date Stamped Copy: To receive an acknowledgement of the f addressed envelope and copy of this proof of claim.  State of the factor of the fac		or Robert cet
Date Sign and print the name and title, if any, of the claim (attach copy of power of attorney, if any)  January 8, 2002  Jing B.		
Paul B. Jones, Attorney for Hinshaw & Culber	tson to \$500,000 or imprisonment for up to 5 years, or	both, 18 U.S.s. 152 and 1.

## Schedule A to Proof of Claim of Hinshaw & Culbertson

3.3

Debtors' joint obligations arose pursuant to a Settlement Agreement among Debtors of Limited Partners of certain Limited Partnerships which Limited Partnerships sold all or substantially all of said Limited Partnerships' assets to the Debtors. The Settlement Agreement provided for payment of \$60,000.00 in attorneys' fees to Hinshaw & Culbertson for legal work done on behalf of the Limited Partners of which \$16,084.06 has been paid.

UNITED STATES BANKRUPTCY CL &T DISTRI	CT OF MINNESOTA ( PAUL)	PROOF OF CLAIM
Name of Debtor  Carefree Living of America (St. Cloud), Inc.  NOTE: This form should not be used to make a claim for an administrative ex	Case Number: 01-33546  pense arising after the commencement of	RECEIVED
he case. A "request" for payment of an administrative expense may be filed p	ursuant to 11 U.S.C. §503.	02 JAN 04 AM 9: 36
Name of Creditor (The person or other entity to whom the debtor owes money or property)  Rider, Bennett, Egan & Arundel, LLP	□ Check box if you are aware     that anyone has filed a proof     of claim relating to your claim.     Attach copy of statement giving     particulars.     □ Check box if you have never	U.S. BANKRUFTCY COURT ST. PAUL, MN
Name and Address where notices should be sent: c/o Gregory M. Erickson, Esq. Rider, Bennett, Egan & Arundel, LLP 333 South Seventh Street, Suite 2000 Minneapolis, MN 55402 Telephone number:(612) 340-7916	received any notices from the bankruptcy court in this case.  Check box if the address differs from the address on the envelope sent to you by the court.	THIS SPACE FOR COURT USE
withincaporis, with 33402 Telephone number (012) 340-1710		ONLY .
Account or other number by which creditor identifies debtor:	Check here □ replaces if this claim a previously filed claim, dated □ amends	
Basis for Claim     Goods sold     Services performed     Money loaned     Personal injury/wrongful death     Taxes     Other:	☐ Retiree benefits as defined in 11 ☐ Wages, salaries, and compensation Your SS#: Unpaid compensation for service from	on (fill out below)
2. Date debt was incurred: June 1999 to June, 2001	3. If court judgment, date obt	
<ul> <li>4. Total Amount of Claim at Time Case Filed: \$ 33,641.12         If all or part of your claim is secured or entitled to priority, also or Check this box if claim includes interest or other charges in additiall interest or additional charges.     </li> </ul>		. Attach itemized statement of
5. Secured Claim.  Check this box if your claim is secured by collateral (including a right of setoff).  Brief Description of Collateral:  Real Estate Motor Vehicle Other  Value of Collateral: \$  Amount of arrearage and other charges at time case filed included in secured claim, if any: \$	Specify the priority of the claim:  Wages, salaries, or commission days before filing of the bank debtor's business, whichever  Contributions to an employee Up to \$2,100* of deposits to property or services for perso 11 U.S.C. §507(a)(6)  Alimony, maintenance, or sure or child - 11 U.S.C. §507(a)(	ons (up to \$4,650),* earned within 90 ruptcy petition or cessation of the is earlier - 11 U.S.C. §507(a)(3) benefit plan -11 U.S.C. §507(a)(4) ward purchase, lease or rental of nal, family, or household use - pport owed to a spouse, former spouse. 7)  overnment up [1] S.C. §507(a)(8) aragraph of [1] U.S.C. § (2)() (4/1/04 ar every 3 years area are with
<ol> <li>Credits: The amount of all payments on this claim has been credited and making this proof of claim.</li> <li>Supporting Documents: Attach copies of supporting documents, such as orders, invoices, itemized statements of running accounts, contracts, court agreements, and evidence of perfection of lien. DO NO SEND ORIGINA documents are not available, explain. If the documents are voluminous, at Time-Stamped Copy: To receive an acknowledgment of the filing of the addressed envelope and copy of this proof of claim.</li> </ol>	s promissory notes, purchase judgments, mortgages, security L DOCUMENTS. If the ttach a summary.	THIS I ACE OR COULTY
Date: Sign and print the name and title, if any, of the creditor of attach copy of power of attorney, if any):	Gregory M. Erickson, Esq.  0 or imprisonment for up to 5 years, or	

333 South Seventh Street Suite 2000 Minneapolis, MN 55402

Telephone • 612 • 340 • 7951 Fax • 612 • 340 • 7900 www.riderlaw.com



Gregory M. Erickson (612) 340-8929 gmericks@riderlaw.com

January 29, 2002

Clerk of U.S. Bankruptcy Court ATTN: Barbie 200 U.S. Courthouse 316 North Robert Street St. Paul, MN 55101

Re:

Carefree Living of America (St. Cloud), Inc.

Chapter 11 - BKY 01-33546

Dear Sir or Madam:

Enclosed for filing please find a duplicate original Proof of Claim which was previously submitted with a claim in the case Carefree Living of America (Brainerd), Inc., 01-33547. As was explained to you, apparently the person that received our Proofs of Claim in your office failed to realize that there were two separate claims, one for Carefree Living of America (St. Cloud), Inc., and one for Carefree Living of America (Brainerd), Inc. Accordingly, it is my understanding you have agreed to mark this claim as being filed on January 4, 2002.

Thank you for your consideration and please feel free to contact me if you have any questions concerning this.

Very truly yours,

RIDER, BENNETT, EGAN & ARUNDEL, LLP

GME/tlw enclosures

ITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA (ST. PAUL)		PROOF OF CLAIM
Name of Debtor Carefree Living of America (Brainerd), Inc.	Case Number: 01-33547	RECEIVED
NOTE: This form should not be used to make a claim for an administrat the case. A "request" for payment of an administrative expense may be f	ive expense arising after the commencement of ited pursuant to 11 U.S.C. §503.	02 JAN -4-AM 10: 1 1
Name of Creditor (The person or other entity to whom the debtor owes money or property)  Rider, Bennett, Egan & Arundel, LLP	Check box if you are aware that anyone has filed a proof of claim relating to your claim.  Attach copy of statement giving particulars.  Check box if you have never	
Name and Address where notices should be sent: c/o Gregory M. Erickson, Esq. Rider, Bennett, Egan & Arundel, LLP 333 South Seventh Street, Suite 2000 Minneapolis, MN 55402 Telephone number:(612) 340-79	received any notices from the bankruptcy court in this case.  Check box if the address differs from the address on the envelope sent to you by the court.	THIS SPACE FOR COURT USE ONLY
Account or other number by which creditor identifies deb	tor: Check here □ replaces if this claim a previo □ amends	ously filed claim, dated
I. Basis for Claim  ☐ Goods sold  ☑ Services performed  ☐ Money loaned  ☐ Personal injury/wrongful death  ☐ Taxes  ☐ Other:	☐ Retiree benefits as defined in 11 ☐ Wages, salaries, and compensati Your SS#: ☐ Unpaid compensation for service from	on (fill out below)
2. Date debt was incurred: June 1999 to June, 2001	3. If court judgment, date ob	tained:
<ul> <li>4. Total Amount of Claim at Time Case Filed: \$ 33,64</li> <li>If all or part of your claim is secured or entitled to priority, a</li> <li>Check this box if claim includes interest or other charges in a all interest or additional charges.</li> </ul>	also complete Item 5 or 6 below.	n. Attach itemized statement of
5. Secured Claim.  □ Check this box if your claim is secured by collateral (include a right of setoff).  Brief Description of Collateral:  □ Real Estate □ Motor Vehicle  □ Other  Value of Collateral: \$  Amount of arrearage and other charges at time case filed includin secured claim, if any: \$	Amount entitled to priority \$ Specify the priority of the claim  \[ \begin{align*} Wages, salaries, or commiss days before filing of the band debtor's business, whichever contributions to an employe to \$2,100* of deposits to property or services for personal to \$11 U.S.C. \\$507(a)(6)  \[ \begin{align*} Alimony, maintenance, or suor child - 11 U.S.C. \\$507(a) \]	: ions (up to \$4,650),* earned within 90 kruptcy petition or cessation of the is earlier - 11 U.S.C. §507(a)(3) we benefit plan -11 U.S.C. §507(a)(4) ward purchase, lease or rental of onal, family, or household use - upport owed to a spouse, former spouse (7) covernment units - 11 U.S.C. §507(a)(8) baragraph of 11 U.S.C. §507(a)(8)
<ol> <li>Credits: The amount of all payments on this claim has been credite making this proof of claim.</li> <li>Supporting Documents: Attach copies of supporting documents, so orders, invoices, itemized statements of running accounts, contracts agreements, and evidence of perfection of lien. DO NO SEND ORI documents are not available, explain. If the documents are voluming.</li> <li>Time-Stamped Copy: To receive an acknowledgment of the liling addressed envelope and copy of this proof of claim.</li> </ol>	such as promissory notes, purchase s, court judgments, mortgages, security IGINAL DOCUMENTS. If the lous, attach a summary.	THE SPACE FOR COOK SE
	editor or other person authorized to file this claim	

A Professional Limited Liability Partnership

Attorneys at Law

WILLIAMT. EGAN
EDWARD M. ARUNDEL
DONALD R. BACKSTROM
DAVID F. FITZGERALD
LARRY R. HENNEMAN\*
JOHN P. FLATEN
DAYTON E. SOBY
DAVID J. BYRON
RICHARD J. NYGAARD
J. DENNIS O'BRIEM\*
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GENE F. BENNETT (1926-1983) OF COUNSEL STUART W. RIDER, JR. DOUGLAS K. AMDAHL JEROME S. YUGEND ROBERT L. BULLARD

\*ALSO ADMITTED IN WISCONSIN

2000 Metropolitan Centre 333 South Seventh Street Minneapolis, Minnesota 55402

Telephone (612) 340-7951 Fax (612) 340-7900

Writer's Direct Dial Number 612/340-7916

April 23, 1998

Ms. Kathleen Zeller Summa Management, Inc. c/o Carefree Living of America 14505 Minnetonka Drive Minnetonka, MN 55345

Re: Agreement for Legal Services

Dear Ms. Zeller:

We are pleased that you, in your capacity as President of the companies listed on Schedule A attached hereto (the "companies"), have asked our firm to serve as bankruptcy and special litigation counsel for the companies. This letter will confirm our discussion with you regarding the engagement of our firm as counsel for the companies and will describe the basis on which our firm will provide legal services to the companies.

We wish to confirm the following provisions governing our engagement. Henceforth, the terms "you" or "your" shall mean and include you in your capacity as President of each of the companies. The terms "you" or "your" shall <u>not</u> mean or include you or any officer, director or shareholder of any of the companies in your or their individual or personal capacities, nor shall it include any affiliate or any present or former counsel to any of the companies.

1. Client; Scope of Representation. Our client in this matter shall be solely and exclusively the companies. We shall be engaged to advise the companies, by and through you as President of the companies, solely in connection with matters related to the bankruptcy proceeding pending with respect to Willnard L. Selbak, and in connection with state or federal court litigation involving the companies where we are specifically requested by the companies to formally appear in the litigation. To date, we have not been asked to formally appear in any state or federal court litigation involving the companies. You may limit or expand the scope of our representation from time to time, provided

Ms. Kathleen Zeller April 23, 1998 Page 2

that any expansion of the scope of our engagement must be agreed to by us in writing.

- 2. <u>Attorney-Client Relationship</u>. It is recognized and understood that the sole and exclusive attorney-client relationship being established here is between this firm and each of the companies.
- 3. Terms of Engagement. Either you or this firm may terminate the engagement at any time for any reason by written notice, subject on our part to applicable rules of professional conduct. In the event that we terminate the engagement, our only obligation will be to take such steps as are reasonably practicable to transfer the file (in accordance with the procedures set forth in the below paragraph, specifically including the procedures set forth therein concerning the photocopying of files and payment of the expense thereof) to new counsel you have chosen, or to the companies if you do not designate new counsel on a reasonably prompt basis. If permission for withdrawal is required by a court, you agree that you shall provide such permission. This it to acknowledge that if any of the companies wish to terminate our representation, it or they may do so, but that we may if requested, at our discretion, continue to represent the remaining companies, if that is its or their desire.

Unless previously terminated, our representation of the companies shall terminate upon our sending our final statement for services rendered in this matter. Following such termination, any otherwise nonpublic information you have supplied to us which is retained by us will be kept confidential in accordance with applicable rules of professional conduct. Upon your written request, your papers and property will be promptly returned to you. Upon your written request accompanied by payment for the expense of photocopying, you may have copies of the files we have created during the course of our engagement. The originals of the files we have created pertaining to the matter, including lawyer work product, will be retained by the firm. All such documents retained by the firm will be transferred to the person responsible for administering our records retention program. For various reasons, including the minimization of unnecessary storage expenses, we reserve the right to destroy or otherwise dispose of any such documents or other materials retained by us within a reasonable time after the termination of the engagement.

You are engaging the firm to provide legal services in connection with the matters referred to in Paragraph 1 above. After completion of these matters, changes may occur in the applicable laws or regulations that could have an impact upon your future rights and liabilities. Unless a separate subsequent written agreement is reached between us providing for continuing responsibility for additional advice on issues arising from these matters, the firm shall have no continuing obligation to advise you with respect to future legal developments.

Ms. Kathleen Zeller April 23, 1998 Page 3

- 4. <u>Communications</u>. You have expressly authorized us to communicate directly and separately (when necessary and appropriate) with you, Vern G. Zeller, and with general counsel to the companies, Mahoney, Hagberg & Rice, as we may deem appropriate in our sole discretion. Unless we are instructed otherwise in writing, we shall copy you, Vern G. Zeller, and general counsel to the companies on all important correspondence, documents and pleadings.
- 5. Decision Making Authority. As you know, it is necessary that many decisions be made by a client during the course of any legal representation. It is furthermore often the case that decisions need to be made on an expedited basis. It will undoubtedly be necessary and appropriate to present (verbally or in writing, as we deem appropriate) recommendations to the companies during the course of this engagement. The companies agree to make timely decisions and to communicate those decisions directly to us by and through a communication from you, or from such specifically designated person as you may appoint from time-to-time to make decisions for you during any period that you may be unavailable. You agree to inform us immediately if and when any such appointment is made. This is to further confirm that, as of the date of this letter, no such appointment has been made.
- 6. <u>Client Responsibilities</u>. To enable us to represent you effectively, you agree to cooperate fully with us in all matters relating to the case, and to fully and accurately disclose to us all facts and documents that may be relevant to the matter or that we may otherwise request. You agree to instruct all current and prior counsel to the companies to fully cooperate with us and to allow us full and complete access to all of their files and documents relative to this engagement. You also agree to timely pay our statements for services and expenses in accordance with Paragraph 7 below.
- 7. <u>Fees and Expenses</u>. I will serve as lead counsel from our firm for this engagement. My billing rate shall be \$220 per hour for calendar year 1998. It will be necessary and appropriate for me to utilize the services of other lawyers and legal assistants from the firm who shall bill this file at various hourly rates that shall not, in any event, exceed my billing rate then in existence for purposes of this file. Our billing rates are subject to change from time to time.

We will include on our statement separate charges for performing services such as photocopying, messenger and delivery service, computerized research, travel, long-distance telephone and telecopy, word processing, and search and filing fees. Fees and expenses of others (such as consultants, appraisers, and local counsel) generally will not be paid by us but will be billed directly to you.

For administrative convenience, all of our services will be billed to a single file entitled "Summa Management, Inc.", and, accordingly, we will not segregate or break down our services

Ms. Kathleen Zeller April 23, 1998 Page 4

among the companies. In any event, however, it is hereby recognized that responsibility for payment of our services shall be the joint and several responsibility of each of the companies.

After discussion with you, we have decided to undertake this engagement on a budget billing basis. You have agreed to pay us \$7,500 (the "budget payment") on May 1, 1998, and on the first business day of each month thereafter as an advance payment of our fees and expenses. The budget payment shall be immediately deposited in our operating account (and not in our client trust account). We shall send you a detailed billing statement on approximately the tenth day of each month reflecting work done, and expenses incurred, in your behalf, the previous calendar month. Our statement shall also reflect the status of the accounting for the fees you have paid and our billings with reference thereto. If the accounting demonstrates that the budget payments have been insufficient to fully pay any of our statements, you shall pay the balance outstanding within 10 days of the date of the mailing of our statement.

If we do not receive payment as agreed, we reserve the right to withdraw from this engagement, or to withhold rendering further services, solely within our discretion.

As you no doubt know, the fees and costs relating to this matter are not predictable. Accordingly, we have made no commitment to you concerning the maximum fees and costs that will be necessary to resolve or complete this matter. It is also expressly understood that payment of the firm's fees and costs is in no way contingent on the ultimate outcome of the matter.

8. <u>Conflicts</u>. A conflict or conflicts may arise between or among the companies. This is to specifically evidence that we have called this possibility to your attention. You have pointed out that it is not economically or logistically feasible to have separate bankruptcy and special litigation counsel in behalf of each of the companies. Accordingly, this is to evidence that you have agreed to waive, in behalf of each of the companies, any conflict that is presently in existence, or that may arise in the future, between or among the companies, resulting, or that may result from our representation of each of the companies.

You are aware that the firm represents many other companies and individuals. It is possible that during the time we are representing the companies, some of our present or future clients may have issues with regard to the companies. You agree that we may continue to represent, or may undertake in the future to represent, existing or new clients in any matter that is not substantially related to our work for you even if the interests of such clients in those other matters are directly adverse. We agree, however, that your prospective consent to conflict of representation contained in the preceding sentence shall not apply in any instance where, as a result of our representation of you, we have obtained proprietary or other confidential information of a nonpublic nature that, if

Ms. Kathleen Zeller April 23, 1998 Page 5

known to such other client, could be used in any such other matter by such client to the companies' material disadvantage.

9. <u>Prior Counsel</u>. It is recognized and understood that the companies have been, and continue to be, represented by other counsel that have no doubt taken positions and postures that may limit the future conduct of the matters we are being asked to undertake on behalf of the companies. We cannot be responsible for unfavorable outcomes that may result from the prior taking of such positions and postures.

If you, in behalf of the companies, are in agreement with the content of this letter agreement, please sign the enclosed copy of this letter in the space provided below. If you have any questions about these provisions, or if you would like to discuss possible modifications, do not hesitate to call. Again, we are pleased to have the opportunity to serve the companies.

By\_

Very truly yours,

RIDER, BENNETT, EGAN & ARUNDEL, LLP

Steven Kluz, Sr.

SJK/dm

AGREED AND ACCEPTED BY EACH OF THE COMPANIES IDENTIFIED ON SCHEDULE A ATTACHED HERETO.

Kathleen Zeller

in her capacity as President of each of the companies.

Dated this 25th day of April, 1998

260948-1

## SCHEDULE A

Carefree Living of America (St. Cloud), Inc.

Carefree Living of America (Burnsville)., Inc.

Carefree Living of America (Brainerd), Inc.

Carefree Living of America (Minnetonka), Inc.

Minnesota Home Health Care, Inc.

Summa Management, Inc.

UNITED STATES BANKRUPTCY COURT	PROOF OF CLAIM
DISTRICT OF MINNESOTA (S	
Name of Debtor	Case Number 01-3354 5
CAREFREE LIVING OF AMERICA (BURNS)	TILLE), ING.
NOTE: Phis form should not be used to make a claim for the commencement of the case. A "request" for payment of pursuant to 11 U.S.C. §503	an administrative expense may be men
Name of Creditor (The person or other entity to whom the debtor owes money or property): INTERNET FINANCIAL SERVICES Name and Address where notices should be sent: INTERNET FINANCIAL SERVICES ATTN DREW BACKSTRAND 120 S 6TH STREET 900 MINNEAPOLIS MN 55402	☐ Check box if you are aware that anyone eise has filed a proof of claim relating to your claim. Attach copy of statement giving particulars. ☐ Check box if you have never received any notices from the bankruptcy court in this case. ☐ Check box if the address differs from the address on the envelope sent to you by the court.
Telephone Number: Account or other number by which creditor identifies debtor:	Check here if  replaces this claim  mends a previously filed claim, dated
1. Basis for Claim  Goods sold Services performed Money loaned Personal injury/wrongful death Taxes	☐ Retiree benefits as defined in 11 U.S.C. §1114(a) ☐ Wages, salaries, and compensation (fill out below) Your SS #: ☐ Unpaid compensation for services performed from
Other  2. Date debt was incurred:	3. If court judgment, date obtained:
8/31/2000 4. Total Amount of Claim at Time Case Filed: If all or part of your claim is secured or entitled to priority, also con Check this box if claim includes interest or other charges in add	\$ 38, 370, 55  uplete Item 5 or 6 below.  ition to the principal amount of the claim. Attach itemized statement of all
interest or additional charges.  5. Secured Claim.  5. Check this box if your claim is secured by collateral	6. Unsecured Priority Claim.  ☐ Check this box if you have an unsecured priority claim
fincluding a right of setoff).  Brief Description of Collateral:  Real Estate  Motor Vehicle  State Other See attached UCC-1	Amount entitled to priority \$  Specify the priority of the claim:  Wages, salaries, or commissions (up to \$4,650),* earned within 90 days before filing of the bankruptcy petition or escation of the debtor's
Brief Description of Collateral:  ☐ Real Estate ☐ Motor Vehicle	Specify the priority of the claim:  Wages, salaries, or commissions (up to \$4,650),* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3).  Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4).  Up to \$2,100* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6).
Brief Description of Collateral:  Real Estate  Motor Vehicle  Other See attached UCC-1	Specify the priority of the claim:  Wages, salaries, or commissions (up to \$4,650),* carned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3).  Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4).  Up to \$2,100* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6).  Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7).  Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).  Other - Specify applicable paragraph of 11 U.S.C. § 507(a)().  *Amounts are subject to adjustment on 411/04 and every 3 years thereafter
Brief Description of Collateral:  Real Estate   Motor Vehicle  Souther   See attached UCC-1  Value of Collateral:   2 47,144  Amount of arrearage and other charges at time case filed included in secured claim, if any:   38,370.55  7. Credits: The amount of all payments on this claim has be purpose of making this proof of claim.   9,000  8. Supporting Documents: Anach copies of supporting documents, orders, invoices, itemized statements of running accounts, con security agreements, and evidence of perfection of lien. DOCUMENTS. If the documents are not available, explain. attach a summary.  9. Date-Stamped Copy: To receive an acknowledgment of the filin self-addressed envelope and copy of this proof of claim.	Specify the priority of the claim:  Wages, salaries, or commissions (up to \$4,650),* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3).  Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4).  Up to \$2,100* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6).  Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7).  Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).  Other - Specify applicable paragraph of 11 U.S.C. § 507(a)().  *Amounts are subject to adjustment on 41/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.  SEND CLAIM TO:  U.S. BANKRUPTCY COURT 200 U.S. COURTHOUSE 316 NORTH ROBERT STREET ST. PAUL, MN 55101
Brief Description of Collateral:  Real Estate  Motor Vehicie  Other  See attached  UCC-1  Value of Collateral: \$ 247,149  Amount of arrearage and other charges at time case filed included in secured claim, if any: \$ 38,370.55  7. Credits: The amount of all payments on this claim has be purpose of making this proof of claim. \$ 9,000  8. Supporting Documents: Attach copies of supporting documents, orders, invoices, itemized statements of running accounts, con security agreements, and evidence of perfection of lien. DOCUMENTS. If the documents are not available, explain. attach a summary.  9. Date-Stamped Copy: To receive an acknowledgment of the filir self-addressed envelope and copy of this proof of claim.  Date Sign and print the name and title, if any, of the crefile this claim (attach copy of power of attorney, if	Specify the priority of the claim:  Wages, salaries, or commissions (up to \$4,650),* carned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier - 11 U.S.C. § 507(a)(3).  Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4).  Up to \$2,100* of deposits toward purchase, lease, or rental of property or services for personal, family, or household use - 11 U.S.C. § 507(a)(6).  Alimony, maintenance, or support owed to a spouse, former spouse, or child - 11 U.S.C. § 507(a)(7).  Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).  Other - Specify applicable paragraph of 11 U.S.C. § 507(a)().  *Amounts are subject to adjustment on 411/04 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment.  such as promissory notes, purchase tracts, court judgments, mortgages, DO NOT SEND ORIGINAL If the documents are voluminous, g of your claim, enclose a stamped,  didtor or other person authorized to anything and the debtor's anything the bankruptcy petition or cessation of the debtor's business.  SEND CLAIM TO:  U.S. BANKRUPTCY COURT 200 U.S. COURTHOUSE 316 NORTH ROBERT STREET ST. PAUL, MN 55101

Oren & Backstrone, via President

Carefree Living of (Burnsville), Inc. payoff as of 1-9-02		24.0%
Per diem rate	\$	18.81
Principal Interest Per diem interest, October 1-January 9, 2002 Late fees Collateral Monitoring fees NSF fees Legal fees	\$ 1, \$ 1, \$ 5	1 1 210.84 939.42 899.53 607.51 25.00 688.25
Payment (Cash Collateral Adequate Protection) (applied to legal, NSF, Collateral and Late fees and int.)		(00.000
Total is due for all three Debtors	\$29,	370.55

Carefree Living of America (Brainerd), Inc., Carefree Living of America (Burnsville), Inc., Carefree Living of America (Minetonka), Inc., and Carefree Living of America (Minetonka), Inc., and SUMMA Management, Inc (collectively "Bortower"), whose address is 14505 Minetonka Dr., Minetonka Dr

Principal and interest are due and payable in 12 consecutive monthly installments in the amount of (S16,075,13) Sixteen-Thousand Seventy-Five Dullars and /180's each, commencing on 101/00 and continuing on the same day of each month thereafter until September 1, 2001 when the entire unpaid principal balance and all accrued but unpaid interest, late and other charges under this Note shall immediately be due and payable provided, however, that upon refinancing of the mortgages upon the Dorrows assisted fiving facilities through John G. Kinnard & Co., or another refinancing source, the entire amount of principal, interest and fees shall become immediately due and payable.

Each monthly installment payment shall be applied first to accrued but unpaid interest, then to late or other charges and the remainder to principal. Borrower agrees to pay a late payment service charge of five precent (5.0%) of any installment of principal or interest (including any final installment) not received by the Holder within five (5) business days of the due date. This Note may be fully or partially prepaid at any time during the term of this Note without penalty or greenium. Any prepayment shall be applied first to accrued but unpaid interest, second to late and other charges and the remainder to the principal portions of the monthly installments due under this Note in the inverse order the monthly installments become due. monthly installments become due.

monthly installments become due.

Borrowers represents that the use of the Product/Services are solely for commercial and business purposes of Borrower and not primarily or in any way for personal (non-business), family, household, or agricultural purposes. Borrower hereby authoritizes IPS to pay the Seller for the receivable balance on such terms as are acceptable to IFS and the Seller. Borrower acknowledges that IFS is not the provider of the Product/Services being purchased from the Seller and that any claims or defenses Borrower may have against Seller are not a defense to, or an offset against, the payment of this Note. Borrower acknowledges that in making this loan IFS has relied upon all of the financial and other underwriting information to extend the loan, and if such financial and other underwriting information is inaccurate or misrepresented by the Borrower, it is to the financial detriment of IFS and the Holder.

Borrower'shall be in default on this Note upon the occurrence of any one of the following evens ("Event of Orbalit"):

following events ("Event of Default"):

- payment of any amount due is not made within ten (10) days of its due date by Automated Clearing House (ACH) funds; or (1)
- (2) Borrower is the subject of a bankruptcy or other insolvency proceeding; or
- A creditor of Borrower attaches any asset of the Borrower, which may include the Collateral; or (3)
- the Borrower and/or Seller have not used the Proceeds as disclosed to Holder or otherwise have materially breached the Note or its (4) terms; or
- any change in the principals of Borrower not consented to in writing by the Rolder; or (5)
- a dissolution or winding up of the Borrower or the death of the principal if a sole proprietorship or guarantor. (6)
- Acceleration of the mortgage notes by First Union or the appointment of a receiver of the Borrowers. (7)

Upon an Event of Default, Holder of this Note shall have the option, without notice, to declare the entire principal balance and accrued but unpaid interest, late and other charges under this Note intendicing the and anyable. In addition, Holder shall be entitled to execute and onforce any or all rights and remedies avaisable upon default to a secured party under the Uniform Commercial Code or otherwise under applicable law. After foreclosure upon any Collateral, Holder shall provide Borrower with ten- (10) days' written notice of sale of the Collatera. In order to secure paryment of Borrower's obligations under this Note, Borrower hereby grants to IFS a security interest in all of Borrower's Collateral as described in the separate Security Agreement of even date hereof. Any failure by Holder to exercise any right under this Note, the Security Agreement or applicable law shall not constitute a waiver of the right to exercise it in the own of any subsequent default. Borrower agrees to pay on demand all costs of collecting or enforcing payment under this Note, including automory's fees, court costs and legal expenses.

The Borrower and any endocrate waive presentment and demand of payment, notices of protest, dishonor or default, diligence in collection and all other notices the undersigned may otherwise be entitled to.

This Note is expressly limited so that in no contingency or event whatsoever shall the amount paid or agreed to be paid to the Holder as interest for the use of the money to be advanced herunder exceed the highest lawful rate permissible under applicable hereto, then the obligation to be fulfilled shall be educed to the limit of validity prescribed by law which a count of competent jurisdiction may deem applicable hereto, then the obligation to be fulfilled shall be reduced to the limit of validity prescribed by law which a count of competent jurisdiction may deem applicable hereto, then the obligation to be fulfilled shall be reduced to the limit of sub rations of the unpaid principal balance du the highest lawful rate, such amount that would be excessive interest shall be applied to the reduction of the unpaid principal balance due hereunder and not

to the payment of interest. Borrower agrees to execute or reexecute any document or instrument to correct a closing error for this loan transaction. This Note, the Security Agreement and any related Guaranty (whether signed at closing or on some other date) shall be governed by and construed according to the laws of the State of Milmesota, without regard to its conflict of law rules. This note shall not be considered a binding contract until accepted by IFS in its office in Minnesota and funding of the loan. Borrower consents to venue of any suit or action under this Note in an appropriate federal and state court in Hennepin County, Minnesota, exercising jurisdiction over Borrower.

Carefree Living of America (Brainerd), Inc.,

By x Kathler Print Name Karrelican L Zellen 115 PRESIDENT

Carefree Living of America (Burnsville), Inc.,

By x X and Sell Print Name KATHLEEV L. ZELLE.

IIS PRESIDENT

Carefree Living of America (St. Cloud), Inc.,

By x X acts fell Print Name KATHLEEN L ZELLEN

118 PRESIDENT

Carefree Living of America (Minnetonica), Inc.

By x Kut Jun

Print Namo KATHLEIN L. ZELLEN

ItS PRESIDENT

SUMMA Management, Inc

Byx Katolh Print Name KATHLEEN L ZELLEN

IIS PRESIDENT Page 1 of 1 IFSPN-MS (9/99)

B16 (Official Form 10)	,	,	
United States Bankruptcy Court District of Minnesota (St. Paul )	PROOF OF CLAIM		
Name of Debtor	Case Number		
Carefree Living of America (Burnsville), Inc.	01-33545		
NOTE: This form should not be used to make a claim for an admit commencement of the case. A "request" of payment of an pursuant to 11 U.S.C. § 503.	nistrative expense arising after the administrative expense may be filed		
Name of Creditor (The person or entity to whom the debtor owes money or property) Limited Partners of Brainerd Manor, Ltd.; Limited Partners of Carefree Living of Burnsville, Ltd.; and Limited Partners of St. Cloud Manor, Ltd.	Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.  Check box if you have never received any notices from the bankruptcy court in this case.	RECHIVED  02 JAN -9 PN 1: 42  U.S. BANKALL MANGOUR	
Name and Address Where Notices Should be Sent	Check box if the address differs from the address on the envelope sent to you by the		
Paul B. Jones, Esq. Fredrikson & Byron, P.A. 1100 International Centre 900 Second Avenue South Minneapolis MN 55402 (612) -347-7000	court.	<b>1: 4.2</b>	
Account or other number by which creditor identifies Debtor.	Check here if this claim: replaces	Lucionals Silve dated	
	amenos a p	previously filed claim, dated:	
1. Basis For Claim:  Goods sold Services performed Money loaned Personal injury/wrongful death Taxes Other (Describe briefly) Preferred stock and expense allowance pursuant to Settlement Agreement.	Retiree benefits as defined in 11 U.S.C. §11 Wages, salaries and compensation (Fill out Your social security number: Unpaid compensation for services performe from to (date) (date)	below)	
2. Date Debt Was Incurred	3. If Court Judgment, Date Obtained:		
March 17, 1998	May 11, 1998		
4. Total Amount of Claim at Time Case Filed: \$ 3,275,000.0  If all or part of your claim is secured or entitled to priority, also the Check this box if claim includes interest or other charges in or additional charges.	complete Item 5 of 6 below. in addition to the principal amount of the claim. A		
Secured Claim.     Check this box if your claim is secured by collateral (including right of setoff).	6. Unsecured Priority Claim.  Check this box if you have an unsecured pri Amount entitled to priority \$		
Brief description of collateral:  Real Estate	Wages, salaries or commissions (up to \$4,300),* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier -U.S.C. \$507(a)(3).		
Motor Vehicle Other Accounts and other business assets	Contributions to an employee benefit plan - Up to \$1,950* of deposits toward purchase, for personal, family, or household use - 11 t	lease, or rental of property or sources U.S.C. § 507(a)(6).	
Value of Collateral: \$	Alimony, maintenance, or support owed to		
Amount of arrearage and other charges at time case filed included in secured claim, if any: \$	Taxes or penalties owed to governmental ur Other - Specify applicable paragraph of 11 to	U.S.C. § 507(a)().	
Í	*Amounts are subject to adjustment on 4/1/01 a respect to cases commenced on or after the		
	1		
7. Credits: The amount of all payments on this claim has been credithis proof of claim.	<u> </u>	SEND CLAIM TO:	
	edited and deducted for the purpose of making  ts, such as promissory notes, purchase orders, url judgments, mortgages, security agreements, DOCUMENTS. If the documents are not	Clerk of Court United States Bankruptcy Court	
this proof of claim.  8. Supporting Documents: Attach copies of supporting documen invoices, itemized statements or running accounts, contracts, contracts	ts, such as promissory notes, purchase orders, untjudgments, mortgages, security agreements, DOCUMENTS. If the documents are not mmary. See attached Schedule A.	Clerk of Court	
this proof of claim.  8. Supporting Documents: Attach copies of supporting documen invoices, itemized statements or running accounts, contracts, cot and evidence of perfection of lien. DO NOT SEND ORIGINAL available, explain. If the documents are voluminous, attach a su  9. Date Stamped Copy: To receive an acknowledgement of the finance and copy of this proof of claim.  Date Stamped Copy: To receive an acknowledgement of the finance and copy of this proof of claim.	edited and deducted for the purpose of making  ts, such as promissory notes, purchase orders, urt judgments, mortgages, security agreements, DOCUMENTS. If the documents are not mmary. See attached Schedule A.  lling of your claim, enclose a stamped, self-	Clerk of Court United States Bankruptcy Court 200 U.S. Courthouse 316 North Robert Street	
<ol> <li>Supporting Documents: Attach copies of supporting documen invoices, itemized statements or running accounts, contracts, contracts, and evidence of perfection of lien. DO NOT SEND ORIGINAL available, explain. If the documents are voluminous, attach a su</li> <li>Date Stamped Copy: To receive an acknowledgement of the finance addressed envelope and copy of this proof of claim.</li> </ol>	edited and deducted for the purpose of making  ts, such as promissory notes, purchase orders, urt judgments, mortgages, security agreements, DOCUMENTS. If the documents are not mmary. See attached Schedule A.  filing of your claim, enclose a stamped, self- ereditor or other person authorized to file this  many in fact for Limited Partners of Brainerd	Clerk of Court United States Bankruptcy Court 200 U.S. Courthouse 316 North Robert Street	

\_\_\_\_\_\_

# Schedule A to Proof of Claim of Limited Partners

Debtors' joint obligations arose pursuant to a Settlement Agreement among Debtors and Limited Partners of certain Limited Partnerships which Limited Partnerships sold all or substantially all of said Limited Partnerships' assets to the Debtors. The Settlement Agreement provided for the issuance of \$2,750,000.00 in preferred stock (27,500 shares of \$100 per share "Stated Value" preferred stock) and payment of an aggregate nonaccountable expense allowance of \$525,000.00.

#### FREDRIKSON & BYRON, P.A.

Attorneys and Advisors

Minnespolis Lendor.

Washington, DC

Addition:

900 Second Avenue South Minneapolis, MN 55402-3397

1100 International Centre

Mexico City Warsaw Montreal

(612) 347-7000 FAX (612) 347-7077 www.fredlaw.com

Toronto LESLIE A. ANDERSON Vancouver Direct Dial No.

(612) 336-4153 landerson@fredlaw.com

January 21, 2002

Ms. Linda Evenson
United States Bankruptcy Court
200 U.S. Courthouse
316 North Robert Street
St. Paul, Minnesota 55101

Re: Carefree Living of America (Burnsville), Inc. - Case No.: 01-33545

Carefree Living of America (St. Cloud), Inc. – Case No.: 01-33546 Carefree Living of America (Brainerd), Inc. – Case No.: 01-33547

Dear Ms. Evenson:

As we previously discussed, this office filed proof's of claim on January 9, 2002 on behalf of Gerald Brink, Attorney-In-Fact for Limited Partners of Brainerd Manor, Ltd., Limited Partners of Carefree Living of Burnsville, Ltd. and Limited Partners of St. Cloud Manor, Ltd., in each of the above-captioned bankruptcies.

In reviewing the Court's web site, I noticed that the proof of claim that we filed in the Carefree Living of America (Brainerd), Inc. case was imaged twice. It appears that the proof of claim for Carefree Living of America (Burnsville), Inc. was inadvertently not imaged at all. Can you please make sure the court's web site reflects our filing in the Burnsville case also? I'm enclosing an additional copy of the proof of claim for Carefree (Burnsville) that was messengered to the Court on February 9.

Thank you for your assistance in getting this straightened out. Let me know if you have any additional questions.

Very truly yours,

Leslie A. Anderson

Paralegal

LAA:mkh Enclosures :2607567\1

UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA (ST. PAUL)	PROOF OF CLAIM		
Name of Debtor	Case Number		
Carefree Living of America (Brainerd), Inc.	01-33547		
NOTE: This form should not be used to make a claim for an admi commencement of the case. A "request" of payment of an pursuant to 11 U.S.C. § 503.	nistrative expense arising after the administrative expense may be filed		
Name of Creditor (The person or entity to whom the debtor owes money or property)  Limited Partners of Brainerd Manor, Ltd.; Limited Partners of Carefree Living of Burnsville, Ltd.; and Limited Partners of St. Cloud Manor, Ltd.  Name and Address Where Notices Should be Sent Paul B. Jones, Esq. Fredrikson & Byron, P.A. 1100 International Centre 900 Second Avenue South Minneapolis MN 55402 (612) -347-7000	Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.  Check box if you have never received any notices from the bankruptcy court in this case.  Check box if the address differs from the address on the envelope sent to you by the court.	PECENED  02 JAN-9 AMII: 51  U.S. BAHINBUFICY COURT ST. PAUL, MH	
Account or other number by which creditor identifies Debtor.	Check here if this claim: replaces amends a	previously filed claim, dated:	
1. Basis For Claim:  Goods sold Services performed Money loaned Personal injury/wrongful death Taxes Other (Describe briefly) Preferred stock and expense allowance pursuant to Settlement Agreement.	Retiree benefits as defined in 11 U.S.C. §11 Wages, salaries and compensation (Fill out Your social security number: Unpaid compensation for services performe from	below)	
2. Date Debt Was Incurred	3. If Court Judgment, Date Obtained:		
March 17, 1998	May 11, 1998		
4. Total Amount of Claim at Time Case Filed: \$ 3,275,000.0  If all or part of your claim is secured or entitled to priority, also  Check this box if claim includes interest or other charges or additional charges.	complete Item 5 of 6 below. in addition to the principal amount of the claim.	ys' fees)  Attach itemized statement of all interest	
5. Secured Claim.  Check this box if your claim is secured by collateral (including right of setoff).  Brief description of collateral:  Real Estate  Motor Vehicle  Other Accounts and other business assets  Value of Collateral: \$  Amount of arrearage and other charges at time case filed included in secured claim, if any: \$	Amount entitled to priority \$\ \text{Wages, salaries or commissions (up to \$4,3 filing of the bankruptcy petition or cessatic earlier -U.S.C. \$507(a)(3).  Contributions to an employee benefit plan - Up to \$1,950* of deposits toward purchase, for personal, family, or household use - 11 \text{Alimony, maintenance, or support owed to } 11 U.S.C. \$507(a)(7)  Taxes or penalties owed to governmental un Other - Specify applicable paragraph of 11 **Amounts are subject to adjustment on 4/1/01 a	Check this box if you have an unsecured priority claim  Amount entitled to priority \$	
7. Credits: The amount of all payments on this claim has been cre	·	SEND CLAIM TO:	
this proof of claim.  8. Supporting Documents: Attach copies of supporting documen invoices, itemized statements or running accounts, contracts, contracts, and evidence of perfection of lien. DO NOT SEND ORIGINAL available, explain. If the documents are voluminous, attach a su  9. Date Stamped Copy: To receive an acknowledgement of the finance addressed envelope and copy of this proof of claim.	ant judgments, mortgages, security agreements, DOCUMENTS. If the documents are not mmary. See attached Schedule A.	Clerk of Court United States Bankruptcy Court 200 U.S. Courthouse 316 North Robert Street St. Paul MN 55101	
January 8, 2002  Sign and print the name and title, if any, of the claim (attach copy of power of attorney, if any)  Paul B. Jones, Attorney for Gerald Brink, Attorney for Gerald Brink, Attorney for Gerefree Livi St. Cloud Manor, Ltd.:  Penalty for presenting fraudulent claim: Fine of up to the claim of the control of t	omey in fact for Limited Partners of Brainerd ng of Burnsville, Ltd.; and Limited Partners of	ooth, 18 U.S.C. 88 152 and 3571	

United States Bankruptcy Court District of Minnesota (St. Paul )	PROOF OF CLAIM		
Name of Debtor	Case Number		
Carefree Living of America (St. Cloud), Inc.	01-33546		
NOTE: This form should not be used to make a claim for an admin commencement of the case. A "request" of payment of an a pursuant to 11 U.S.C. § 503.	istrative expense arising after the administrative expense may be filed		
Name of Creditor (The person or entity to whom the debtor owes money or property)  Limited Partners of Brainerd Manor, Ltd.; Limited Partners of Carefree Living of Burnsville, Ltd.; and Limited Partners of St. Cloud Manor, Ltd.  Name and Address Where Notices Should be Sent  Paul B. Jones, Esq. Fredrikson & Byron, P.A.  1100 International Centre 900 Second Avenue South Minneapolis MN 55402 (612) -347-7000	<ul> <li>☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars.</li> <li>☐ Check box if you have never received any notices from the bankruptcy court in this case.</li> <li>☑ Check box if the address differs from the address on the envelope sent to you by the court.</li> </ul>	RECEIVED  02 JAN-9 AM II: 51  U.S. BANKINDELLY COURT ST. PAUL. MH	
Account or other number by which creditor identifies Debtor.	Check here if this claim: replaces arrends a p	previously filed claim, dated:	
Basis For Claim:     Goods sold     Services performed     Money loaned     Personal injury/wrongful death     Taxes     Other (Describe briefly) Preferred stock and expense allowance pursuant to Settlement Agreement.  2. Date Debt Was Incurred	Retiree benefits as defined in 11 U.S.C. §1114(a)  Wages, salaries and compensation (Fill out below) Your social security number: Unpaid compensation for services performed from		
March 17, 1998	May 11, 1998		
4. Total Amount of Claim at Time Case Filed: \$ 3,275,000.0  If all or part of your claim is secured or entitled to priority, also conclude this box if claim includes interest or other charges in or additional charges.  5. Secured Claim.	   0 (plus accruing interest and attorne   complete Item 5 of 6 below.   n addition to the principal amount of the claim. A	}	
Check this box if your claim is secured by collateral (including right of setoff).	6. Unsecured Priority Claim.  Check this box if you have an unsecured priority claim		
Brief description of collateral: Real Estate Motor Vehicle Other Accounts and other business assets	Amount entitled to priority \$  Wages, salaries or commissions (up to \$4,300),* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor's business, whichever is earlier -U.S.C. §507(a)(3).  Contributions to an employee benefit plan - 11 U.S.C. § 507(a)(4).  Up to \$1,950* of deposits toward purchase, lease, or rental of property or services		
Value of Collateral: \$	for personal, family, or household use - 11 U.S.C. § 507(a)(6).  Alimony, maintenance, or support owed to a spouse, former spouse, or child -		
Amount of arrearage and other charges at time case filed included in secured claim, if any: \$	11 U.S.C. § 507)(a)(7)  Taxes or penalties owed to governmental units - 11 U.S.C. § 507(a)(8).  Other - Specify applicable paragraph of 11 U.S.C. § 507(a)( ).		
	*Amounts are subject to adjustment on 4/1/01 a respect to cases commenced on or after the		
7. Credits: The amount of all payments on this claim has been cre this proof of claim.	dited and deducted for the purpose of making	SEND CLAIM TO:	
8. Supporting Documents: Attach copies of supporting document invoices, itemized statements or running accounts, contracts, cou and evidence of perfection of lien. DO NOT SEND ORIGINAL available, explain. If the documents are voluminous, attach a sur  9. Date Stamped Copy: To receive an acknowledgement of the fit addressed envelope and copy of this proof of claim.	art judgments, mortgages, security agreements, DOCUMENTS. If the documents are not mrnary. See attached Schedule A.	Clerk of Court United States Bankruptcy Court 200 U.S. Courthouse 316 North Robert Street St. Paul MN 55101	
January 8, 2002  Sign and print the name and title, if any, of the codin (attach copy of power of attorney, if any)  Paul B. Jones, Attorney for Gerald Brink, Attorney St. Cloud Manor, Ltd.  Penalty for presenting fraudulent claim: Fine of up to	omey in fact for Limited Partners of Brainerd ng of Burnsville, Ltd.; and Limited Partners of		

#### Schedule A to Proof of Claim of Limited Partners

Debtors' joint obligations arose pursuant to a Settlement Agreement among Debtors and Limited Partners of certain Limited Partnerships which Limited Partnerships sold all or substantially all of said Limited Partnerships' assets to the Debtors. The Settlement Agreement provided for the issuance of \$2,750,000.00 in preferred stock (27,500 shares of \$100 per share "Stated Value" preferred stock) and payment of an aggregate nonaccountable expense allowance of \$525,000.00.

# UNITED STATES BANKRUPTCY COURT DISTRICT OF MINNESOTA

In Re:			Chapter 7	
Carefree Living of America (Burnsville), Inc. Carefree Living of America (St. Cloud), Inc. Carefree Living of America (Brainerd), Inc.		Case No.	01-33545 01-33546 01-33547	
Debtors.				
Brian F. Leonard, Trustee,		ADV Ca	ase No. 02-9117	
Plaintiff,				
v.				
Jane L. Strom Revocable Trust and Jane L. Strom, Trustee,				
Defendants.				
	•			

#### UNSWORN CERTIFICATE OF SERVICE

I, Stephanie Wood, declare under penalty of perjury that on the 27th day of September, 2004, I served a copy of the annexed *Supplemental Affidavit of Brian F. Leonard* on:

Ralph V. Mitchell, Esq. Lapp, Libra, Thomson, Stoebner & Pusch One Financial Plaza, Suite 2500 120 South Sixth Street Minneapolis, MN 55402

by mailing to all parties copies thereof, enclosed in an envelope, postage prepaid, and by depositing the same in the post office at Minneapolis, Minnesota, directed to said parties at the last known addresses of said parties.

Dated: September 27, 2004

Stephanie Wood

Stephanie Wood

100 South Fifth Street, Suite 2500

Minneapolis, MN 55402

(612) 332-1030